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WEDNESDAY OCTOBER 26 1994

### **Arctic threatened** by oil spillage in northern Russia

A burning oil slick spilling out from a pipeline in the northern Russian province of Komi is threaten-ing to create an environmental disaster in the fragile Arctic. Komi officials asked Moscow for help in dealing with the spill yesterday, after the New York Times had already reported the leakage and said that it amounted to only 100,000 barrels.

**UK pensions inquiry:** UK life insurers face the prospect of compensating perhaps hundreds of thousands of investors, after a regulator's inquiry suggested that the scale of poor advice in selling personal pensions was far greater than expected. Page 16 and Lex; Most life houses welcome SIB plan, Page 8; Editorial Comment, Page 15

Mini-electronics breakthrough: Researchers have made a breakthrough in electronic miniaturisation that could lead to computer memories and microprocessors one five-hundreth the size and 500 times faster than today's silicon chips. Page 16

Eastman Kodak, the photographic manufacturer, reported a further decline in operating profit in the third quarter and said restructuring might be necessary. Page 17

Tenneco, the diversified US industrial company, is expected to announce today that it will buy Gillet, a German automotive components manufacturer, for cash and assumed debt in a deal valued at \$113m. Page 17

Protests on eve of Israel-Jordan accord:



A member of Jordan's parliament addresses protestors in the centre of Amman as part of a campaign to undermine the country's peace accord with Israel, due to be signed today. The rally, attended by several thousand supporters of the powerful Moslem Brotherhood in the Hashimiyah square, was organised secretly as the Jordanian authorities had banned protests. Jordan needs help to ease debt

Sri Lankan victim's widow to stand: The widow of assassinated Sri Lankan opposition leader Gamini Dissanayake was picked by the United National party to run in presidential elections in two weeks' time. Page 4

Steel industry risks crisis: Europe's steel industry risks another crisis because of its failure to deliver crucial capacity cuts, warned Mr Karel Van Miert, European competition commissioner. Page 2; Lex, Page 16

Report hails German recovery: The German government claimed its policies had been vindicated by a report from the country's six leading economic institutes predicting that the economy would grow by 2.5 per cent this year and by a further 3 per cent next year. Page 2

UK and France ties closer: The UK and France are edging towards closer co-operation, particularly in defence and security, in spite of the two countries' history of ill-tempered spats and sharply contrasting rhetoric over Europe. Page 3

Auto electronics market set to double: The automotive electronics market is forecast to double to \$80bn a year between 1993 and 2000. Page 4

Japanese index hits seven-year high: Japan's index of current business conditions hit a seven-year high in August, suggesting the recovery may be becoming more broadly based. Page 4

EU credit rules risks extra red tape: Brussels' plans to harmonise export credit within the European Union risk imposing extra delay and red tape on European exporters just when they face fiercer competition from the US, the leading French credit agency warned. Page 7

Canadian trade mission to China: The rivalry among industrial countries to promote com-mercial ties with China will reach a new pitch next month when Mr Jean Chretien, Canada's prime minister, leads a mission of almost 400 business leaders, politicians and officials to Beijing. Page 7

Eurostar delayed again: The Eurostar Channel tunnel rail network suffered its second delay on a trip arranged for invited guests to sample its service to the Continent. Page 9

Row over unleaded petrol: UK legislators and the oil industry are arguing over whether unleaded petrol poses more of a threat to health than the leaded petrol it set out to replace. Page 9

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suppliers. Since then, NCM said: "The

makes a comeback



McDonnell Douglas The challenges facing Harrison Stonecipher isterview, Page 18



### US currency and bond weakness blamed on Fed European stocks suffer setbacks

### Markets fall as dollar hits new lows By Philip Coggan and Philip Gawith

The US dollar slipped to fresh lows against the D-Mark and the yen yesterday, while European bond and equity markets fell in the wake of Monday's rise in the US Treasury long bond yield

above 8 per cent.

The US currency touched a post-second world war low of Y96.35 and a two-year low of DM1.4845, before recovering to close in London at Y96.86 and

Mr Lloyd Bentsen, the US Treasury secretary, whose reported comments last week hurt dollar sentiment by apparently ruling out intervention to support the US currency, yesterday said: "We

would like a stronger dollar." Traders have blamed the recent weakness in the dollar and the US Treasury bond market on the belief that the US Federal Reserve was acting too slowly to combat inflation. Mr Malcolm Barr, international economist at Chemical Bank in London, said: "Sentiment towards the dollar

remains pretty unanimously negative. But Mr Alan Blinder, the Fed deputy chairman, said he did not believe the Fed was "behind the curve" in fighting inflation. "I think we're very close to riding the curve," he said, implying that the Fed's actions were up with

However, Mr Blinder added that the economy was "showing

Europe CAC

> Aug 1994 Oct fewer signs of deceleration than I would have thought several months ago. Financial markets gained a

small amount of relief yesterday

from figures on US consumer

V per S DM per S 1.58

> confidence and employment costs, which appeared to show subdued inflationary pressures. Nevertheless, European markets reacted negatively to the in the US long bond yield,

with the 8 per cent level seen as a watershed for the markets. "Previously 8 per cent was seen as fair value for Treasury bonds." said Mr Michael Hughes, global strategist at UK securities house BZW. "But there is a growing concern that markets are headed

bank Kleinwort Benson is pre-dicting that the long bond yield will rise to 8.5 per cent. German government bunds and UK gilts dropped about three quarters of a point and bond fed through to shares.

for an overshoot." UK investment

In London, the FT-SE 100 index closed 28.2 points down at 3,000.9, having at one point fallen 43.5 points to 2.985.6.

A weak US dollar also hurts European shares by damaging prospects for export-led growth and reducing the local currency value of the carnings of US subsidiaries of European companies. In Frankfurt, the DAX index closed 1.3 per cent lower in afterhours trading yesterday while in Paris, the CAC-40 index closed just under 1 per cent down.

In New York, the 30-year Trea-sury bond had slipped a further sixth of a point by 2.30pm and was yielding 8.06 per cent, while the Dow Jones Industrial Average was 21.2 points lower at

Consumer confidence, Page 6 Bond yields, Page 17 World Stocks, Back Page, Sect II Currencies, Page 34 International Bonds, Page 24

### Insurer restricts business with Saudi Arabia

By Roger Matthews Middle East Editor

Short-term export credit insurance for companies doing business in Saudi Arabia is being restricted by a leading international insurer.

NCM Credit Insurance, the

Dutch-controlled company which provides 80 per cent of short-term export credit cover in the UK, told customers it was taking the step because of the kingdom's "very grave" financial situation ents delays.

Meanwhile, Mr Lloyd Bentsen, the US Treasury secretary, said yesterday that Saudi Arabia was facing some "credit problems", but added that the kingdom did not have any serious financial

Mr Bentsen, who visited Saudi Arabia earlier this month, said that the government was taking steps to bring down the budget

NCM Credit Insurance told UK customers it was cancelling open account credit limit approvals and would only reinstate them if strict criteria were met. This means that cover to regular exporters will no longer be automatically available.

The company added: "We recognise the seriousness of these measures and their likely impact on the business of many

of our customers.
"However, the situation in Saudi is very grave and continvital that we take action to protect not only our own position but, in the final analysis, that of our customers."

International concern about Saudi Arabia's financial health has increased since the 1991 Gulf war, which cost the kingdom about \$60bn, and because of the continuing weakness in the price of oil. In an effort to answer International Monetary Fund concerns over the size of the budget deficit, the Saudi government announced at the start of the year that it would cut spending by 20 per cent.

A western diplomat in Riyadh conceded yesterday that many Saudi businessmen were pessimistic about the short-term economic outlook, but stressed that Saudi Arabia's ability to pump 8m barrels of oil a day for the next century guaranteed its long-term economic viability.

NCM warned more than two

months ago of its concern over lengthening payments delays and said amounts outstanding were "significant". It added that the payments delays were affecting all areas of the economy, and affecting Saudi buyers' ability to meet commitments to overseas

### Major orders probe into public life rules after sleaze claims

By Philip Stephens, Political Editor

Mr John Major yesterday ordered the most sweeping investigation for 50 years into standards in public life after the mounting allegations of sleaze in his gov-eroment forced the second ministerial resignation within a week.

During a day of high drama at Westminster, Mr Nell Hamilton, the industry minister named last week as the recipient of hospitality from the Harrods owner Mr Mohammed Fayed, was forced by Mr Major to quit the governmen His resignation came just 90 minutes before Mr Major told MPs he had set up an independent commission chaired by Lord Nolan, a leading judge, to carry out a fundamental review of the rules applying to holders of pub-

lic office. The commission will act as a standing committee, remaining in place after producing its first report in about six Ministers, MPs, civil servants, council members and officers,

and appointees to quangos will all be subject to a review charged specifically to look at their financial arrangements and commercial relationships.

Mr Major told the Commons

that he considered Mr Hamilton, Continued on Page 16 | who has insisted that he is inno-

CONTENTS

cent of any impropriety, was no longer able effectively to carry out his ministerial duties. Earlier

Mr Hamilton had expressed regret that he had not declared details of a free stay at the Ritz, the Paris hotel owned by Mr Fayed, in the Commons registry of members' interests.

Last week Mr Tim Smith, a iunior minister at the Northern Ireland office, was forced to leave the government after admitting accepting payment from Mr Fayed to table questions in the House of Commons.

Amid an astonishing series of charges and counter-charges between Mr Fayed and the government, Mr Michael Howard the home secretary, acknowledged that he had been one of the subjects of an investigation carried out by Sir Robin Butler, the cabinet secretary.

In a statement released following the publication of the report. Mr Howard said the outcome had made clear he had not committed any impropriety.
Sir Robin's report, however,

did little to suppress the tide of rumour sweeping Westminster about the past links of other Conservatives with Mr Fayed. The

> Continued on Page 16 Reports, Page 8 Editorial Comment, Page 15

#### **Sprint forges US telecom** alliance with cable groups By Tony Jackson in New York The alliance is also a response MAIN DETAILS The race to create alliances in US telecommunications quickened

yesterday with the announcement of a partnership between Sprint, the third largest US long-distance phone company, and three leading US cable companies. The partnership will aim to provide local, long-distance and mobile telephony, as well as multimedia entertainment and information services.

"We will revolutionise what comes in over your telephone. your cable TV and your computer," Mr William Esrey, Sprint chairman, said.

Sprint is to link with Tele-Communications Inc, the largest US cable company, Comcast, the fourth largest, and Cox Cable Communications, the sixth largest. The partners, which claim their existing cable networks run past one third of American homes, said they would seek to affiliate with other cable companies in areas where they were not represented. All phone services would be sold under the Sprint

The new venture will bid for personal communication service licences in the government auction this December. The auction, which it is thought may raise over \$10bn, has prompted other

☐ SHAREHOLDINGS Sprint 40% Tele-Communications Inc 30% Comcast 15% Cox Cable 15%

☐ SERVICES Immediately: Sprint long-distance phone services over local cable networks Later: full voice, video and data

services. Will also bid jointly for personal communications services licences in December auction.

bidding alliances such as announced last week by the regional telephone companies Bell Atlantic, Nynex, US West and AirTouch.

The Sprint partners refused details on the scale of the investment. Much would depend on their bidding strategy in the auctions, they said. Mr James Kennedy, chairman of Cox, said the investment was "not a lot of money given the scope of the venture". Sprint will own 40 per cent of the venture, TCI 30 per cent and the other two 15 per

to the challenge set by the recent merger of AT&T and McCaw. respectively the biggest long-distance and mobile phone companies in the US. Unlike that merger, it has to overcome the regulatory rules against cable companies competing in local

telephone services.
Mr Brian Roberts, president of Comcast, said: "The timing [of the venture] depends on how well our government acts to put the essential rules in place." Legislation to allow cable and local phone companies to compete in each others' markets collapsed last month in Congress.

Mr Esrey said: "We feel optimistic that we will get national legislation this year, or if not, the the partners would lobby individual states for changes in the regulations.

Included as part of the new company will be Teleport, an existing joint venture between the three cable companies and a fourth, Continental Cablevision. Teleport offers specialised local 19 US cities. The partners said they were in discussions with Continental about its minority

Lex, Page 16

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### How Kohl linked EMI choice to Delors succession

Germany threatened to block the candidacy of Mr Ruud Lubbers as president of the European Commission unless the Dutch premier dropped his opposition to Frankfurt as the site for Europe's future central bank, according to a confidential Dutch government memorandum.

The memorandum is the first evidence that Chancellor Helmut Kohl linked the location of the future central bank to who should succeed Mr Jacques Delors. It also explains Mr Kohl's resolute opposition to Mr Lubbers, recently retired as the longest serving prime minister in Dutch history.

But the document confirms, too, how Mr Kohl saw the location of the European Monetary Institute in Frankfurt as the absolute minimum needed to assuage the German pub-lic's fears about giving up the

in Strasbourg

Europe's steel industry risks

another crisis in the future

because of its failure to deliver

crucial capacity cuts, warned Mr Karel Van Miert. European

commissioner responsible for

ing the death of the Commis-

sion's steel restructuring plan.

created two years ago to help restore the beleaguered indus-

try to health during Europe's

failure to stick to the plan had

left it with overcapacity in the

EU of some 20m tonnes. "It is

unfortunate that in this plan

not all the actors did what needed to be done," he said.

Under the plan, Europe's steelmakers were required to

make minimum cuts in capac-

ity of 19m tonnes, but fell short

of this target by around 3.5m

tonnes. Enthusiasm for the

capacity cuts wore off as inter-

national steel prices began to

means that there will be no

more discussion between the

Commission and industry over

the state of the market, with

the Commission dropping its quarterly guidelines for pro-

duction and delivery volumes.

In addition, measures to

restrict imports from eastern

Europe - in particular from

Slovakia and the Czech Repub-

lic - will be dropped. "Normal

competitive conditions will

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apply," said Mr Van Miert.

Disbandment of the plan

recover steadily.

Mr Van Miert said industry's

**Brussels** warns

of future steel

industry crisis

products, it said.

Commission official.

a steel analyst at Paribas Capi-

tai Markets in London. He said

the industry cannot depend on

exports for continued health,

especially since imports from

eastern Europe and Russia

Despite the collapse of the

rescue plan, a package of social

subsidies, designed to ease the impact of steel plant closures.

will continue to apply until the

end of 1995, the Commission

decided to recommend to mem-

ber states that they accept the

German government's bid to

rescue Eko Stahl, east Ger-

The Commission has also

were likely to grow.

said yesterday.

anywhere or every penny back

PLUS Extra saving for

Cover from leading insurance

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nthly instalme

Lionel Barber reports on a confidential memo revealing the extent of German arm-twisting over siting of the European Monetary Institute in Frankfurt D-Mark in a future European lor's top foreign affairs adviser, Bernd Schmidbauer, a senior Germonetary union. This is despite attacked Mr Lubbers' opposition to man official, which was then deliv-

monetary union. This is despite European allies' worries about strengthening Frankfurt as a financial centre in charge of a de facto

D-Mark zone. In an interview yesterday, Mr Piet Dankert, the former Dutch minister for European affairs and current member of the European parliament, yesterday confirmed the authenticity of the memo, first disclosed at the sekend by the Dutch KRO public television service.

Mr Dankert singled out a high-level diplomatic exchange in Bonn on October 21, 1993, in which Mr Joachim Bitterlich, the ChancelFrankfurt as the appropriate location for the EMI.

Mr Bitterlich warned Mr Dankert that this opposition would have "consequences", with Mr Kohl turning to another candidate for the top

Commission post.

Mr Kohl's private office yesterday denied any connection between the location of the EMI and the Delors succession, or that Mr Bitterlich had raised the matter during Mr Dankert's visit to Bonn.

However, Mr Dankert said he recalled receiving a veiled warning about the EMI connection from Mr ered more forcibly by Mr Bitterlich. Mr Dankert said: "There is not the

slightest doubt that the conversation took place. Because of its explosive nature, I asked for an immediate note to be taken down."

He relayed the German threat to Mr Lubbers at a meeting early the following morning. Mr Lubbers then sought a meeting with Mr Bitterlich two days later in which a second veiled threat was made, according to the KRO broadcast.

Senior German officials familiar with the meeting argued that it made no sense for the Bonn govern-

ment to issue a direct threat to Mr Lubbers because, at that time, he had failed to announce his candidature to succeed Mr Delors.

But the officials conceded that the strongest representations had been made to the Dutch government to drop their campaign to locate the EMI in Amsterdam or, as a second best choice, Bonn. The officials said the matter turned on German's sovereign right to choose where it wished to place the future central

European Union leaders finally agreed to Frankfurt at a summit in Brussels on October 29, 1993. Mr Kohi subsequently asked Mr JeanLuc Dehaene, the Belgian prime minister, to become a candidate to succeed Mr Delors. France later backed the Dehaene candidacy. despite President François Mitterrand's preference for Mr Lub-

However, the UK, with tacit Dutch support, objected to the Franco-German plan and vetoed Mr Dehaene at the European summit in Corfu last June. Mr Kohl called a second summit in mid-July in which he secured a consensus in favour of Mr Jacques Santer, prime minister of Luxem-

Many MEPs objected to Mr Santer and raised questions about the procedure for selecting the president of the Commission, a post which Mr John Major, Britain's prime minister, described as one of the most important in the world.

### **US** hails Moscow reform effort

By John Thombill in Moscov

The rouble's recent fall has served as a "wake-up" call for the Russian government creating an important opportunity for a serious stabilisation programme next year, Mr Larry Summers, US Treasury undersecretary for international affairs, said in Moscow yester-

Following talks with senior Russian officials about the reform process and the 1995 budget proposals, Mr Summers said he take an encouraging report back to Washington. "It clear that Russian economic reform is at an important crossroads and it is clear that the government is charting a course forward." he said. "I welcome the clear intentions from all the government officials I met with of a commitment to serious stabilisation."

He warned, however, that the erosion of the tax collection system and the growth of organised crime posed serious threats. Mr Summers said tax revenues were 4 per cent of gross national product less than they were a year ago. "Reversal of that kind of erosion will be central to the stabilisation effort," he said, suggesting what was needed was to collect more tax money at lower rates from a broader

The austere budget proposals for 1995 envisage that further monetary tightening will reduce inflation to 1 per cent a month by the end of the year. The federal budget deficit would also be kept within 8.3 per cent of gross domestic product.

One Group of Seven official said: "What is under discussion is the prospect of a real stabilisation not just a slowing down of inflation. That means more reform and potentially more direct financial support than has come from the IMF so

But some western economists warn that the government has talked tough before and bowed to the pressures of the industrial lobby to issue more credits. The 1995 budget is also expected to have a rough passage through parliament and the ability to implement the current proposals is far from certain.

Mr Oleg Soskovets, Russia's first deputy prime minister, said yesterday that the government also had to change the "oil export structure" and revise the taxation system to achieve financial stabilisation. Mr Summers said the recent currency volatility had been a

stark warning of the dangers of loosening the economic levers. "I do not think that there is any question that their monetary and credit policies in late summer were an important contributing factor in the fall of the rouble," Mr Summers

Berlusconi: his 1995 draft budget assailed on all sides

### Relations between UN force chief and government at new low Bosnia politicians call for removal of Rose

By Bruce Clark, Diplomatic

that its members had done Relations between the Bosnia's their part to cut capacity, trusting that the European Moslem-led government and Commission would continue its the United Nations plunged to a new low yesterday as Sara-jevo politicians demanded the efforts for market stabilisation until a successful conclusion". removal of General Sir Michael Since 1992 German companies had made decisions to cut 6m Rose, the UN force comtonnes of crude steel and mander.

Bosnian officials and the UN almost 3m tonnes of hot-rolled also exchanged harsh words over the origin of a unprece-Industry Commissioner Mardented fire-fight between govtin Bangemann has said the ernment soldiers and French EU industry was wrong to put peacekeepers on the slopes of Mount Igman outside Sarajevo off needed restructuring because of a temporary recovvesterdav. ery in the market. "They'll be Eight Bosnian political parknocking (on the door) again

ties lent their support to a in three years time," said a demand that "Rose must go" which was published in Sara-The recovery is in part due jevo's daily newspaper, Osloto increased exports to the US and Asia, said Mr Alan Coats,

They accused the British commander, whose year-long tour of duty ends in January.

of having "done everything to water down the decisiveness of the free world in punishing crime and fascism". They said Gen Rose was more interested in protecting British interests than in implementing UN resolutions.

"We will be asking for an impartial, objective com-mander, one who will implement UN resolutions on the ground...and not a general who protects the interests of his government." UN spokesman Colonel Tim

Spicer said Gen Rose was not concerned about the criticism and that there was no question of his leaving before his 12month assignment ended. "The job of a peacekeeper as opposed to a peace enforcer is a difficult path to walk and there is no question that General Rose has walked a central line in furtherance of the mis-

Gen Rose had followed "a strong line in furtherance of United Nations policy and sticking to agreements that have already been made may be unpopular in some cases".

The reputation of Gen Rose among residents of Sarajevo soared last February when his tough diplomacy helped to bring an end to the siege of the city and restore relative normality to daily life. His standing in the eyes of

Moslems sagged two months later, when he was perceived as too soft in his response to the Serb assault on the enclave of Gorazde, and it fell still further in August, when the UN failed to stop the Serbs from reimposing a partial blockade of Sarajevo. But UN officials stress that

right from the beginning, the general's efforts to ensure a normal life for as many Bos-



UN force commander, Gen Sir Michael Rose (right), pictured in Vitez earlier this year

been met with far from universal co-operation from Bosnian

Sarajevo required some very tough talking to Bosnia's Moslem leaders as well as to the

# Report hails 'lively' Germany recovery

The German government was quick to claim yesterday that its policies had been vindicated by a report from the country's six leading economic institutes predicting that the economy would grow by 2.5 per cent this year and by a further 3 per cent next year.

many's largest steel mill, through a hefty state subsidy. Presenting their twice Steel back in the melting pot. yearly study, the most compre-hensive check-up on the health The German Steel Federation Page 14; Lex, Page 16 f the German economy, the institutes said the recovery had been "surprisingly early and lively". In April they had predicted that German gross domestic product would rise

by 1.5 per cent. "Now we can see that the government's economic assumptions were not just calculated optimism but based on the improved conditions for Economic Research (DIW) dis-

Real GDP growth Annual % change (unadjusted) 1991 92

growth which have been chieved," Finance Minister Theo Waigel said.

For the third time running. however, the left wing Berlinbased German Institute for posed a threat to economic tor used by the Bundesbank. recovery. The institute said suggested there was no need GDP would grow by 1.5 per for the central bank to make cent next year

The report says Germany's recovery had initially been driven by exports but there was now evidence that capital investment had become the driving force of the recovery. Responding to the report, however, the influential Federation of German Industry (BDI) said there were fewer grounds for optimism because companies were still not earning enough to make substantial

Inflation, which has failed to fall below 3 per cent in August and September, is forecast to dip to 2.5 per cent next year, the report said. Continuing

agreed with the other five inflationary pressure caused institutes, arguing that the by the growth of the M3 rise in long-term interest rates money supply, the key indicaany substantial cuts in its leading interest rates, the

report said. The institutes also recommended the government increase the budget deficit in order to relieve companies and consumers of "massive tax increases". But the association which represents Germany's largest private banks, said it would be wrong to raise the budget deficit in order simply to cut expenditure. "A strict reduction of spending and the reduction of the amount of taxes levied should go hand in hand," the Federation of German Banks said.

The report coincides with

figures which show that Germany's trade surplus rose sharply in August to DM7.1bn (£2.9bn), double the July level. Exports were 14 per cent up on the previous year while imports rose 6 per cent The trade surplus for the

first eight months of this year totalled DM47bn, 25 per cent higher than for the same period a year earlier. The current account deficit, however, almost doubled to DM36.5bn, partly because of the high level of payments by German tourists abroad.

Meanwhile the public sector financing deficit confirmed the positive trends, falling by DM23bn to DM63bn for the first half of this year, better than the 1994 budget plan had indicated according to a statement from the Federal Statis-

MPs' amendments may hit revenue measures and pension reform

### Italian budget faces big hurdles

By Robert Graham in Rome

The Italian government is struggling to retain the identity and objectives of the 1995 budget amidst a vast quantity of amendments being tabled by the right-wing coalition and the opposition alike. The latest and most impor-tant amendment has been

introduced by the government to offset a poor response to one of the main revenue raising sures. The move concerns a loosening of the rules regardand an rely on Allianc ing the amnesty on illegal construction and property development to encourage more taxpayers to take advantage of the concession. The amnesty.

based on encouraging persons to register construction carried out without proper permission through the payment of a small fine, has failed to prove attractive. The measure was introduced before the summer and is due to yield L2.500bn (\$1.6bu) this year and close to

L10,000bn next year. But so far only L61bn has been paid in and the initial closing date for registrations is October 31. Thus, the government is further reducing the scope of sanctions applied to illicit buildings, especially on first homes.

The opposition has already challenged the original measure and a number of regional

lenged the decree on environmental grounds in the constitutional court, adding further to the confusion over the likely revenue yield.

More than 1,000 amendments have been tabled to the budget in almost equal proportion between the government members and the opposition. The bulk of the changes relate to the controversial pensions reform, following the government's decision to try to eliminate the many anomalies and hardship cases created by the proposals submitted on Sep-

According to latest estimates, the changes will add an two weeks ago.

administrations have chal- extra Ll 000hn to the pensions bill in 1995 and even more in the following two years. The treasury is adamant the budget deficit target of L138,000bn equivalent to 8 per cent of GDP, cannot be altered. However, the more the original measures are altered to satisfy different interest groups, the harder it will be to maintain

this target. Yesterday the trade unions announced they were going ahead with plans to organise a 1m strong demonstration in test against the budget and pension reform. This is a follow-up to the general strike



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### Brussels pushes hard on telecoms

The European Commission yesterday challenged member states to speed up the liberalisation of Europe's telecommunications industry. The Commission decided to adopt the first part of its green paper on infrastructures, which is aimed at opening those that are currently only authorised to carry specific services - for example rail and energy networks - to other liberalised services. This would cover video-on-demand and distance learning, for example, but not basic voice tele-phone services, which will not be liberalised until 1998. Mr Karel Van Miert, commissioner responsible for competition. said the Commission had also backed in principle the aim of liberalising basic telephone infrastructures - which remain largely under monopoly control - by January 1 1988, at the same time that voice services are opened up to competition. The Commission also intends to present member states with proposals, at a meeting of telecoms ministers next month, for liberalising cable television networks. The Commission's decision yesterday should allow the council of ministers to establish a clear timetable for liberalisation before the Essen summit in December. Emma Tucker, Brussels

#### Möllemann quits FDP post



Mr Jürgen Möllemann (left), chief rival to Mr Klaus Kinkel. Germany's foreign minister and head of the Free Democrats (FDP), yesterday resigned from his party post in protest against being excluded from coalition talks with Chancellor Helmut Kohl. Mr Möllemann, who went so far as to blame Mr Kinkel for the FDP's poor showing in the recent federal elections, quit as party leader in the state of North-Rhine Westphalia. The FDP saw its share of the vote reduced from 11 per cent in 1990 to 6.9 per cent two weeks ago. Officials in Bonn said Mr Möllemann's

resignation was unlikely to heal the policy rifts in the FDP. The party is sharply divided between those who want a return to libertarian values and greater deregulation of the market, and those who have compromised the party's old traditions in favour of remaining as a junior partner in Mr Kohl's Christian Democratic-led coalition. The future strategy of the party will be debated at a special meeting in December. Mr Möllemann, a former economics minister who was forced to resign his cabinet post in late 1992 for abuse of office, would not discuss his future plans. Judy Dempsey, Berlin

#### Hungary in public sector purge

Hungary's new Socialist-led administration yesterday sacked most of the directors of two large state companies and is expected to announce similar changes at its oil and electricity monopolies shortly. Mr Laszlo Pal, trade and industry minister, said the head of MVM, the electricity monopoly, had used company revenues to support the previous conservative goverrment's electoral campaign and that several MVM board members were not qualified for their jobs. He said eight of the 11 board members would be removed next week. AV Rt, the state holding company, said it had dismissed the general director of Antenna Rt, the radio and television transmission operator, from its board for falling to notify it and co-directors of a Ftlbn (£5.8m) contract. It said it had dismissed five of the nine directors of TVK, the country's largest chemical company, in order to facilitate privatisation. Western observers in expected for some time, and said that overall the new appointees were well qualified. *Virginia Marsh, Budapest* 

#### Turkey talks tough to Greece

Turkey could "whip Greece" if the two Nato allies fight over rights in the Aegean Sea, the Turkish foreign minister, Mr Mumtaz Soysal, said on Turkish television on Monday night. "We don't want a reckoming. We know who will win if there is one. We can whip Greece," Mr Soysal said. He added that Turkey was making military preparations but did not elaborate. "If you want peace you must be prepared for war," he said quoting a Turkish saying. Greece maintains it has a right to double its territorial waters to 12 nautical miles but has no plans to do so. Turkey has said Greece's enforcement of a 12-mile limit would be reason for war. Many Greek islands are close to the Turkish mainland and extension of Greek waters would effectively deny Turkish boats access to the sea. The two countries backed down from the brink of war over mineral

rights in the Aegean Sea in 1987. Reuter, Ankara

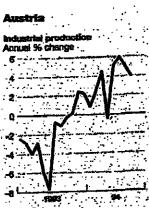
US assistant secretary of state John Shattuck yesterday voiced his "greatly heightened concern about the growing cycle of violence" in Turkey. During a visit, he condemned the "terror" of the Kurdish insurgency in the south-east of the country but called on Turkey to seek a political, rather than military, solution to the conflict. John Barham, Ankara

#### Polish broadcasting row grows

In a continuing row over commercial television and radio licences, Poland's parliament is to be asked to set up a com-mittee to examine whether Mr Janusz Zaorski, the head of the TV and Radio Council regulatory body, is infringing the country's broadcast laws. The motion came after deputies yester-day asked Mr Zaorski, who was appointed by President Lech walesa last summer, why he was delaying signing a broadcast licence awarded months ago to the French pay-TV channel, Canal Plus. The French channel is at the head of a queue of broadcasters promised commercial licences, but are awaiting Mr Zaorski's confirmation. Christopher Bobinski, Warsaw

#### **ECONOMIC WATCH**

### Austrian industrial output rises



Austria's industrial output rose 4 per cent year-on-year in August following a 5 per cent rise in July. The figures confirm the strength of the economic recovery following the country's short and shallow recession last year. Economists have recently raised their forecasts of real GDP growth this year to nearly 8 per cent after a 0.5 per cent fall last year. Industrial production is being supported by buoyant exports, a housing construction boom and undented consumer confidence. Inflation remains a

concern, but the annual rate eased to 3.1 per cent in September from 3.2 per cent in August. Economists hope that pressure on consumer prices will grow when the country joins the European Union at the beginning of next year. The other warry, the public sector deficit, is more likely to be aggravated by EU entry as well as by the less stable political situation following national elections earlier

this month. Ian Rodger, Zurich ■ Wholesale prices in Denmark rose by 0.1 per cent from August to September, and were 1.7 per cent higher than in the same month last year. This supports government claims that despite a predicted GDP growth rate of 4.6 per cent this year there are no signs that inflationary pressures are increasing. ■ Swedish producer prices rose 0.4 per cent in September from August, when they rose 0.8 per cent. Year-on-year, producer prices rose 5.5 per cent.

### Balladur avoids showdown over Chirac

#### From Reuter In Paris

The French prime minister, Mr Edouard Balladur, backed out of a potential showdown with MPs of his Gaullist RPR party yesterday in the presence of the party's leader and his presidential rival, Mr Jacques Chirac.

Mr Balladur surprised deputies by cancelling an address to the RPR caucus in parliament at which he had been expected to come under fire for launching personal criticism of Mr Chirac on Monday.

Both men are undeclared RPR rivals to succeed President François Mitterrand next May and their infighting is encouraging the opposition

Socialists, routed in a 1993 general election. But Mr Balladur denied he had pulled out at the last moment. "I didn't choose. It was decided weeks ago," he

His remarks contradicted an official agenda distributed by his office on Monday, which said he would visit the national assembly on Tuesday afternoon. The RPR floor leader, Mr Bernard Pons, said he was only told late yesterday morning that Mr Balladur was not coming. Instead, Mr Balla-dur was to visit RPR members at the senate, where he was less likely to face hostility. Mr Balladur criticised Mr

Chirac on Monday in an inter-

for failing to speak out in defence of the franc when the currency was under attack last year, saving Mr Chirac had stayed silent for reasons of party expediency. "For a long time, Jacques has taken refuge in his party as if it were a citadel is this really the spirit of the Fifth Republic?" the prime minister said in his open assault on Mr Chirac after a

series of veiled criticisms. Mr Chirac responded yesterday by calling for an end to "futile polemics and phoney quarrels", reminding unnamed politicians that they should serve France with dignity and responsibility.

La Lettre de la Nation, the official newsletter of the RPR,

was more direct. It said the prime minister "has deeply wounded elected members and others in the RPR".

The party's assistant general-secretary, Mr Eric Raoult, said: "If we have an RPR prime minister today, he shouldn't spit on his own political movement." Many pro-Chirac deputies said Mr Balladur owed his position as prime minister to Mr Chirac.

Meanwhile, the former French president, Mr Valéry Giscard d'Estaing, said yesterday that rivalries on the right were no obstacle to winning the presidency. He noted that the right had three times fielded two rival candidates

### Anglo-French ties to grow despite 'teasing'

#### By Bruce Clark, Diplomatic

Britain and France are edging towards closer co-operation, particularly in defence and security, despite the two countries' history of ill-tempered spats and sharply contrasting rhetoric over the future of Europe.

Mr Douglas Hurd, the UK foreign secretary, told an Anglo-French audience in London this week that "there are really no two substantial countries more similar than France and Britain". "We differ occasionally,

though almost always only by a degree or two, in our response to par-ticular world events," he added. "But when it comes to the point...we are side by side."

While acknowledging the existence of "mutual teasing and aggravation" between the British and French media, he stressed the two nations' virtual identity of views over Bosnia and argued that their ideas on the European Union were not far apart. "Neither for Britain nor for France is there attraction in a vision of Europe which erodes national identity." the

foreign secretary told the Franco-British council. He stressed that for now, Britain

and France were the only two Euro-pean countries which had extensive global interests, and therefore maintained a defence capability that was well adapted to overseas deployment.

Germany, prevented until recently by political and constitutional barriers from sending troops into combat overseas, is preparing at least one division for global deployment. How-ever, this is not expected to be ready until the year 2000. Mr Hurd confirmed that the UK and France were engaged in discussions about closer co-operation in military aviation. which were expected to come to a head at the Anglo-French summit in

Chartres next month. British officials say these discussions are focusing on relatively technical questions, such as common procedures for sharing air space, which would make it easier for the UK and French air forces to co-operate in humanitarian or peace-keeping missions overseas. French press reports have suggested that a joint headquar-

ters, or even a joint intervention force, could be established. But one British official insisted that at this stage, such speculation amounted to "adding two and two and making

Setting aside the intense Anglo-French wrangling which has often marred discussions about European security, Mr Hurd said both countries were committed to closer integration of the continent's defence effort. "The contribution of both Britain and France will be indispens-

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# Japan business index signals recovery

Japan's official index of current business conditions hit a seven-year high in August, suggesting the recovery may be becoming more broadly

The government Economic Planning Agency's coincident indicator, a basket of 11 eco-nomic and business measures, rose above the 50 per cent dividing line between growth and decline in August for the first time in three months. It hit 90 per cent, the highest

Bank of Japan to cut interest rates, when the yen is strengthening again, and reduces strain on the government in the middle of a diffi-

cult parliamentary session.
The EPA's leading indicator, a measure of the three-to-sixmonth outlook, was even stronger, at 100 per cent, the eighth month at which it has stood above economic equilibrium. Within this, 10 of the leading index's 13 components were pointing upwards. This suggests the current upturn has more depth than the economic revival of spring 1993, which turned out to be a false start, Mr Dick Beason, senior economist at James Capel Pacific, said.

Four components of the leading index shifted from decline to growth between July and August: graduates' job prospects, the amount of floorspace used by companies, money supply, and manufacturing indus-try profitability. Most of the other components continued a regular improvement.

Evidence that patches of weakness still exist in important parts of the Japanese economy emerged yesterday with poor results from the

sectors. Vehicle production fell by 7.2 per cent to 5.1m units in the six months to September, from the same period last year, slightly less bad than the 10.4 per cent decline of the first half of 1993. The latest result was the third-sharpest six-

ers' Association said. Department stores, a victim of discount retailing, recorded a 2.1 per cent sales decline in the year to September, the 31st monthly decline running. It was, however, an improvement on the 3.6 per cent decline

shown in August. Business

monthly fall in 20 years, the Japan Automobile Manufactur-

continues to crawl, the Japan Department Stores Association

• The cabinet yesterday adopted a plan to spend Y6,010bn (\$62bn) to prepare rice farmers for the gradual opening of their market. The package, prepared by

the three parties of the ruling coalition, clears the way for parliament to ratify the trade liberalisation bills needed to comply with the Uruguay Round of the General Agree-ment on Tariffs and Trade.

Japan aims to ratify the Gatt accord in the present parliamentary session, ending on

December 3. As part of the accord, a previous government agreed last year to import 4-8 per cent of its annual 10m tonne rice consumption over the next six years, and replace import quotas with tariffs some time after that. The farm aid package will be spent over

the same period. The aid programme was criticised yesterday for failing to do enough to encourage large efficient farms, at the expense of traditional small paddy fields. The government is bargaining that the cash will at least compensate farmers for the opening of the rice market.

### Market in auto electronics set to double

By Keytn Done. Motor Industry Correspondent

The market for automotive electronics is forecast to double from \$40bn (£25.3bn) to \$80bn a year between 1993 and 2000, according to a report from the Economist Intelli-

The study suggests that the biggest increases will come in the value of navigation equipment, while the installation of airbags will continue to rise rapidly. Electronic systems are forecast to account for 30 per cent of the production cost of a car by 2000.

The value of the electronics content of the average car has already quadrupled from \$300 in 1980 to \$1,200 in 1990. According to the report, this is set to increase to \$1,600-\$1,800 per car in 1995 and to rise fur-ther to \$2,200-\$2,500 in 2000.

The EIU study claims that the rise in the use of electronics in cars is being driven by the introduction of tougher legislation on safety, emission controls and vehicle security. as well as by technological developments in the electronics industry and the need by car makers to gain a competitive advantage.

The value of the car electronics market worldwide is forecast to rise to \$69bn-\$93bn in 2000 from \$43bn-\$58bn in 1995 and \$39.7bn in 1990.

Electronic systems for engines, transmissions and

most important market sector. with sales forecast to rise from \$13bn in 1990 to \$23bn in 2000. The biggest increase will come in driver information systems, however, where the value of the market is expected

to jump from only \$2bn in 1990 to \$18bn by 2000. Navigation systems will be able to give routes and update them to take account of changes in traffic. Car radio/cassette players will play an important role in receiving and storing traffic information as well as details

of hotels, restaurants and ser-

vice stations in an area. Several companies are already developing components which will increase safety in poor light and in dense traffic, including radar, fog sensors, infra-red cameras, navigation systems and intelligent cruise control.

The development of inexpensive radar, which is seen as critical to the development of intelligent cruise control, is claimed to be better than infrared technology for use in collision avoidance sensors. Smart cards are expected to replace ignition/door keys, as they will be able to be used as driving licences, to actuate roadside emergency telephones, and to allow the driver to adjust seat

and mirror positions. The Electronics Revolution in the Motor Industry. £495. The EIU, 15 Regent Street, London,

### Jordan 'needs help to ease burden of debt'

By George Graham in Washington

Jordan needs relief from its heavy foreign debt burden if it is to reach the kind of growth rates necessary to bring a real peace dividend to its popula-tion, the World Bank has warned in a new study of the impact of peace on the Jorda-

Jordan's economic reform programme could bring growth of up to 4 per cent a year, but the World Bank calculates the country needs to achieve a higher growth rate.

To really make a difference to high unemployment rates, to really cement the peace, Jordan needs around 6 per cent growth per year," says Mr Caio den to about 75 per cent of Koch-Weser, the World Bank's GDP by 1998, the World Bank

vice-president in charge of the Middle East and North Africa. That would require private investment rates of about 20 per cent of gross domestic product, the report says, a rate which will be impossible to achieve so long as Jordan is struggling under the burden of more than \$7bn (£4.6bn) of for-

eign debt, roughly 1.5 times its

"For the man in the street, the question is what has peace done for me, and that is where you see the urgency of doing something about the debt to make the leap from 4 to 6 per cent growth." Mr John Page, the World Bank's chief economist for the region, says.

To reduce Jordan's debt bur-

calculates that about \$1.7bn of debt reduction would be needed. Full debt forgiveness of about \$3.3bn in 1994 would greatly improve Jordan's mac-roeconomic outlook and "significantly enhance the prospects of strong popular support for the peace process," the report says.

The report warns that the

economic impact of peace will probably be felt more slowly than many hope. Among the most important longer-term gains will be improved co-operation on water issues Mr Koch-Weser warns that without action, all the countries of the region face water shortages in the next 15-20 years, but Jordan's water crisis perhaps the most imminent. Frayed prospects, Page 15



An Israeli soldier stands guard on a road between the West Bank and Jerusalem yesterday

#### World Bank clears \$150m loan

### Vietnam 'enters tougher phase'

By Peter Montagnon,

Vietnam's economic adjustment programme is entering a more demanding phase now that relatively easy price reforms have been accomplished, the World Bank

said yesterday. Announcing the approval of a \$150m. 40-vear structural adjustment loan, its fourth to Vietnam since lending resumed last year, the bank singled out restructuring of state banks, privatisation of public companies and trade

reform as still to be tackled. Vietnam should also introduce further legal reform to provide a basic civil and commercial law code and simplify investment rules to facilitate business activity.

The reform programme had produced "impressive results". especially since it was begun without real outside linancial help. But "some weaknesses. are evident in the reform pro-

Vietnam remained a poor country with per capita income below \$200 a year and sharp regional disparities in living standards. Weak infrastructure and an inefficient financial system hindered investment.

International donors could provide significant finance for development, but the govern-ment would need effective institutions to take most advantage of development

The financial sector was burdened by bad debts in stateowned commercial banks, poor accounting and management practices, and high taxation. The trade system should be reformed to abolish import permits and introduce a simplified tariff structure.

This year Vietnam is committed to reducing its fiscal deficit to 2.7 per cent of GDP from 6.2 per cent in 1993. It is expected to rise to 3.3 per cent

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# Chinese gear up for huge rise in cars by 2010

By Tony Walker and Shi Junbao in Beijing

China's cars are projected to rise dramatically in numbers to 22m by the year 2010, with individual ownership increasing sharply to 60 per cent of all vehicles on the road, against less than 5 per cent at present, an authoritative study says.

This predicted increase of car ownership and production in China will clearly have enormous implications for the automotive sector internation-The study, by a group within

the Chinese bureaucracy called the Strategic Development Research Team of China's

Family Car, forecast that by 2010 China will build 3.5m cars a year, with two-thirds of them being sold to private motorists. Total production value of the automotive sector will reach Yn420bn (£31.6bn) a year, with an extra Yn1.052bn being generated by associated industries.
The study estimated the

automotive sector would be generating Yn80bn annually in tax revenue by 2010 and would have created 15m new jobs. "Having a family car will signal that a Chinese citizen's life has turned from a moderately il-to-do to a rici study reported.

Publication this week in the "If we can't see how necessary who see car ownership as bour-Economic Daily of the study it is for car-ownership to geois. Sections of government Santanas, a medium-sized fam-

China's spending on infrastructure would be about \$500bn (£316bn) over the next decade, Mr Liu Zhongli, the country's finance minister. told an Asian Development Bank-sponsored conference in Beijing, writes Tony Walker.

coincides with a debate within the Chinese bureaucracy about the desirability of increased private car ownership. Mr He Guangyuan, minister of machinery industry warned this week against the danger of ship hindering development. opposition from bureaucrats na's biggest maker of passen-

Mr Liu said that to meet China's buge requirements more funds would be raised internationally, either through bond issues or from loans provided by international financial institutions and foreign governments.

become widespread and don't actively support a private car market, it would be hard for car-making to become a pillar industry," he told the China Business Times newspaper.

Rapid development of the

fear China's infrastructure would be unable to cope with so many cars on an over-taxed road system. China recently unveiled a

new car industry policy that envisages the establishment of three or four car manufacturing conglomerates by 2000, engaged in the mass production of family sedans. The policy instituted a freeze on new manufacturers entering China until 1996 to enable present operators to build up strength. Volkswagen, in partnership with the Shanghai Automotive

ily car, out of a total of 234,000 sedans made throughout China, which plans to be producing 1.35m passenger cars a year by 2000, with 90 per cent of the market supplied from local production. Output would rise to 3.5m-4m units by the year 2010.

From 1979 to 1993 the number of cars in China grew from 150,000 to 1.4m, of which 50,000 are privately owned. Cars owned by individuals or families will amount to about 20 per cent of total cars on the road in China in 2000.

ownership would rise to 40 per cent in 2005 and 60 per cent in

### Widow to carry on poll fight

By Stefan Wagstyl in New Delhi and Reuter in Colombo

Sri Lanka's United National party, the main opposition grouping, last night chose the widow of Mr Gamini Dissanayake to be his successor as its candidate for next month's presidential election. On Monday, along with 50 others, he was killed by a suicide

The UNP, which held power for 17 years until its August election defeat, had been widely expected to pick Mr Ranil Wickremasinghe, 45, the former premier. He led the UNP until the election, but was ousted as its leader by Mr

Dissanayake.
Despite her lack of political experience. Mrs Shrima Dissanayake, a lawyer, will be a popular choice to run against Mirs Kumaratunga, the ruling People Alliance's candidate for the presidency.
A curiew imposed in Colombo

on Monday was lifted yesterday but then re-imposed for the night. Police fear the funerals of the bomb victims could prompt demonstrations.

olombo, where Mr Gam-ini Dissanayake, Sri

Lanka's opposition leader, and 50 other people were killed by a suicide bomber on Monday, returned to normal with almost unseemly haste yesterday. The curfew imposed immediately after the blast was lifted

and banks, shops and offices were open. It appeared that after living through two political assassinations last year. Sri Lankans have grown used to the murder of their leaders. Yet deep concern exists on the island about the lasting effects of Mr Dissanayake's

death. The fear is that the passions aroused by the murder of such a popular leader will sooner or later come into the open. They might erupt into street violence as early as the funerals which begin today and end with Mr Dissanayake's state funeral on Saturday. Or they could linger and affect politics and society in

more subtle but equally disruptive ways. "People may not show it, but they are very dis-tressed," Mr Neelan Tiruchelvam, a Colombo lawyer, says. The public distress is acute because it has come at a time of unprecedented hope about Sri Lanka's future, engendered

Sri Lanka fears passions will erupt Peace hopes are in doubt during run-up to poll for president, Stefan Wagstyl reports

by the efforts of Mrs Chandrika attacks, on Mr Rajiv Gandhi, easier to criticise her. Kumaratuna, the newly elected prime minister, to end the then indian prime minister, to end the ter, in 1991, and Mr Rana ion will come in the prime minister.

island's civil war. Mrs Kumaratunga, who took power in August after 17 years' rule by Mr Dissanayake's United National party, started talks with the Tamil "Tigers". fighting for an independent Tamil homeland. As Mr Tiruchelvam, a Tamil, says: "In Sri Lanka we swing quickly from

optimism to despair. Now we are in despair". The key question is the impact of the assassinations on the peace effort. Even though the police have little evidence linking the attack to the "Tigers", the general assump-tion in Colombo is that they carried it out.

The "Tigers" have denied responsibility for the assassinations, but their denials carry little weight in Colombo. The security forces believe that only the "Tigers" command the fierce loyalty and access to high-quality explosives needed to organise a suicide bombing. The "Tigers" have been ment had made too many linked to two deadly suicide

singhe Premadasa, the Sri Lan-kan president killed last year. In the weeks since her election victory, Mrs Kumaratunga had built broad-based support among the majority Sinhalese in favour of peace talks, but it seems certain this week's assassinations will undermine this consensus, though it is difficult to say by how much. "The conditions for the peace

talks were favourable. Now there will be great suspicion about the guerrillas' good faith. This is one of the worst consequences of the act," a Colombo-based diplomat says. Mrs Kumaratunga has pru-dently postponed talks between government and Tamil representatives which started two weeks ago and were in progress near Jaffna, the Tamil stronghold in the north. She will now face calls for a long delay and for out-

A crucial test of public opinion will come in the presidential election due to be held on November 9 in which Mr Dissanavake was challenging Mrs Kumaratunga. Mrs Kumaratunga had been expected to win, despite a strong campaign

> votes from those wanting to protest at talks with the rebels. But the UNP could lose the support of Mr S. Thondaman, the powerful and politically volatile leader of the tea estate workers' union, wooed away from Mrs Kumaratunga by Mr Dissanayake but who could now swing his support back to the premier.

> by Mr Dissanayake. His death

should generate some sympa-

thy votes for his party and

On balance, Mrs Kumaratunga is still expected to win because the UNP lacks another candidate of Mr Dissanayake's stature. An unemphatic victory could stall the talks. Mr Desmond Fernando, a lawyer. says: "I fear there could be a swing against compromise". Sri Lanka has learned to live

concessions, will now find it with political violence, espe-

nation attacks. Neither the death of President Premadasa, nor of Mr Lalith Athulathmudali, an opposition leader, provoked civil unrest or much social or economic disruption. Western tourists, sensitive to political violence, have contin-

ued to come to Sri Lanka. This time too, expectations are that little damage will be done to the economy. The Colombo Stock Exchange's allshare index fell by 31.74 points, 2.85 per cent, yesterday to 1,081.27, but stockbrokers said this was a reflex reaction. The economy remains strong and likely to meet the government's target of 6 per cent growth in gross domestic product this year, after a 6.9 per cent increase in 1993.

Mr Kishan Vairawanathan, a nager at the Colombo office of Crosby Securities, the Hong Kong investment broker, says: "A feeling of optimism has been shattered. That accounts for the fall. But I think the market will now stabilise". But much will depend on the run-up to the presidential elec-tion and its outcome. If Mrs Kumaratunga fares badly, the hopes of peace vested in her



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#### **NEWS:** WORLD TRADE

### EU's export credit rules seen as threat

By David Buchan in Paris

Brussels' plans to harmonise export credit within the European Union risk imposing extra delay and red tape on European exporters just when they face fiercer competition from the US, the leading French credit agency warned

Mr François David, president of Coface, the newly privatised agency which underwrites a quarter of French exports, said it was "not absurd to have a common export credit policy". This, he said, was particularly the case when some of Europe's leading exporters were transnational companies, such as the four-nation Airbus consortium, or the Franco-British venture of GEC-Alsthom, and where in the absence of harmonisation the risk appreclation of different EU insurers

The state of the s

was very different. "But exporters often already find it difficult to get a credit at the national level." Mr David said, predicting that harmonisation at the EU level would create further delay with credit offers evaluated by "people [in Brussels] who might not be experienced and who might introduce political arbitrage among the Twelve [member states]". The US and Japan "would be happy to see Europe put itself into another straitjacket", he said.

in July the European Com-mission proposed "common principles for guarantees and

supported medium and long term credit insurance" with greater transparency in the geographic coverage of different EU credit policies.

At the time, the Commission denied that the plan would impose "a straitiacket on the member states and their agencies", saying it would allow assurers "considerable leeway to diverge from the principles laid down, provided they inform the Commission and other member states".

A senior Commission official said yesterday that the plan, which still has to win approval by the Council of Ministers, emerged out of guidelines prepared by a group of national officials from the

A former head of Aérospa tiale's international division, Mr David complained that Washington was mounting a "diplomatico-commercial offensive without precedent" in support of its aerospace, military and agriculture exports.

He cited a recent seven-year credit on a US wheat sale to Morocco, noting that credits were supposed to match the lifetime of a product or project. and President Bill Clinton's overt involvement in last February's \$6bn worth of Boeing aircraft to Saudi Arabia.

This newly aggressive policy meant that the US now accounted for 30 per cent of the world total of export credit of more than five years maturity. compared to only 15 per cent



Senators Lautenberg (top) and Wofford: believed to have signed Perot's piedge

### Perot group in pledge drive against Gatt deal approaches. One official, who to his banner. Although he has

By Nancy Dunne

United We Stand, the network of activist citizens groups established by Mr Ross Perot, the Texas billionaire, has launched a far-reaching drive to get House and Senate candi-dates to sign a pledge to delay passage of the Uruguay Round implementing legislation.

They are claiming two suc-cesses thus far: Senator Frank Lautenberg, a New Jersey democrat, and Senator Harris Wofford a Democrat for Pennsylvania. Both have in their states large numbers of blue collar voters, who are inclined to view trade liberalisation with uspicion. Administration vote count-

ers believe they have the votes to pass the legislation this year. But they are nervous about the anti-Gatt efforts and are urging US businesses to intensify their lobbying efforts as the mid-term elections

has been on the campaign trail, said the anti-Nafta forces - populists on the left and - have now "coalesced" behind the Gatt.

United We Stand headquarters in Dallas, Texas, has recommended that local groups urge consideration of the legislation in January "to allow for a full and open debate of Gatt/ WTO's impact on jobs and sovereignty".

This would make impossible the proposed launch of the World Trade Organisation by January 1, 1995.

Mr Perot ran as an indepen-dent candidate for president in 1992 and is expected to run again. He took the lead against the North American Free Trade Agreement, debating Vice President Al Gore and in a performance widely seen as hurting his cause.

In this battle, Mr Perot has thrown the thousands of citizen activists who still flock require 60 votes.

recommended that they vote for Republicans, Democrats in tight races might well be inclined to take up the anti-Gatt pledge in the hope of gaining - or at least neutralising - opponents'

advantages. The "Perotistas" pledge does not ask for outright opposition to the Gatt deal. Instead opponents are asking that Congress "honour its own budget responsibilities and provide full funding for any law it passes" a feat which has been deemed politically

The administration was unable to raise the \$40bn in programme cuts or tax increases, required under Senate budget rules, to pay for lost tariff revenue over 10 years. It found funding for the first five years but it is being forced to ask for a waiver of the Senate rule, which would

European Commission to

speak for member states on all

matters dealt with by the

WTO. The European Court of

Justice is due to pronounce on

the issue on November 15,

after which Brussels hopes rap-

idly to conclude the legislative

weekend's government deci-

sion to grant hefty compensa-

tion to rice farmers for ending

the ban on rice imports has

Meanwhile, in Japan last

WORLD TRADE NEWS DIGEST

### Manila wants only top banks

Foreign banks that will be allowed into the Philippines under the country's liberalisation programme will be chosen from among the world's top 150 banks only, according to newly issued guidelines from the monetary authorities. A total of 31 foreign banks have signified interest in setting up shop in the country. Only 10 will be allowed to open full-service branches, although others may acquire up to 60 per cent of existing

Mr Gabriel Singson, head of the central bank and its policysetting Monetary Board, says the selection should be completed in early 1995. Under the law, six of the 10 banks will be selected by the Monetary Board, while the other four will be picked by the Philippine president. The full-service banks will be required to put up a minimum permanently assigned capital of 210m pesos (\$5.1m). They can open up to three branchs in any location, and another three in areas to be designated by the Monetary Board. The guidelines provide that the home country of the applicant bank should extend "reciprocity rights" to Philippine banks. Jose Galang, Manila

#### Spain and Germany talk tanks

Spain and Germany have begun talks on equipping the Spanish army with Leopard 2 tanks, potentially worth several hundred million dollars. Defence officials in Madrid emphasised yesterday, however, that the choice of a new tank to succeed US and French models was "not closed". Proposals under discussion between the two defence ministries would involve assembly in Spain and use of locally made components. This would require an agreement with the Leopard's manufacturer, Krauss-Maffei. The German company, controlled by the Mannesmann group, won a deal worth almost \$500m with Sweden carlier this year to supply 120 Leopard 2 tanks, with an option for 80 more. David White, Madrid

#### Japan to curb pirate chips

Japan will strengthen controls on imports of semiconductors with illegally copied integrated circuits (ICs), officials at the Ministry of International Trade and Industry and the Finance Ministry said. The government has submitted a bill to parliament which would make it possible for a company claiming rights over the ICs to stop imports of semiconductors at

#### Railway planned for Tibet

Initial preparatory work has started on building a railway to Tibet, the only province or region of China not connected to the national network, the deputy chairman of Tibet's Planning Committee said. Reuter Beijing

#### Contracts

■ Chantiers de l'Atlantique, shipbuilding subsidiary of GEC-Alsthom, has received an order from Royal Caribbean Cruises for two 1,000-cabin cruise ships. The order for the second ship is subject to confirmation before the end of May 1995. The ships will have diesel-electric propulsion systems. They are due to be delivered in April 1997 and April 1998. Andrew

■ Korean Air Lines said it has signed a contract with Airbus Industrie to supply fuselage panels for 400 Airbus A330/A340 aircraft from next year to 2002. The deal was valued at \$13m. KAL also won an Airbus contract in 1988 to supply panels for 600 aircraft, a company spokesman said. Reuter, Seoul.

western Europe. And we'll pass on to you the

### Effort to push ahead with WTO

The 125 participants in the Uruguay Round of trade talks yesterday reaffirmed their intention to establish the World Trade Organisation on January 1 next year by setting a December date for the formal implementation conference that must give the go-shead.

The decision, by the WTO preparatory committee in Geneva, rests on the assumption that the leading traders the US, the European Union

time of the implementation conference on December 8. Only 30 nations have ratified so far but 50 more are pledged to do so by the end of the

Ratification has been held up partly because many countries are waiting for the US, EU and Japan to do so, while they in turn have run into difficulties. There are no formal conditions for bringing the WTO and the rest of the Uruguay

into effect. But by common consent the ratifications must include the so-called Quad group of the four biggest trad-ers - the US, EU, Japan and Canada - plus a broad spread of smaller trading nations.

In the US, the lame-duck Congress will return for a special session to vote on the Uruguay Round implementing legislation after the November 8 mid-term elections. In the EU, ratification has

been delayed by a dispute over the powers of the executive

paved the way for ratification Canada sends 400-strong trade mission to China

formalities.

based gold producer, Power Corporation, the Montreal investment holding company, and the China National Gold Corporation to accelerate development of the gold-mining industry. The Barrick-Power partnership has

begun a pre-feasibility study of a deposit in Lianning province, and is

#### criticism that Ottawa has been ers, retailers and power utilities. mission will be used to announce report on a venture between Ameri-By Bernard Simon in Toronto Besides Mr Chretien, the mission slower than many other western gov-35-40 trade and investment deals can Barrick Resources, the Torontowill include the premiers of nine of worth about C\$1bn, all at an The rivalry among industrial

countries to promote commercial ties with China will reach a new pitch next month when Mr Jean Chretien, Canada's prime minister, leads a mission of almost 400 business leaders, politicians and officials to Beijing.

The mission's ambitions scope is partly designed to deflect business

ernments to recognise China's com-mercial potential. Canadian exports to China, totalling C\$1.7bn (\$1.25bn)

in 1993, have stagnated in recent years. But imports have risen rapidly, reaching C\$3.1bn last year. Companies represented on the mission range from banks, law firms and securities dealers, to metal producCanada's ten provinces. The only absentee will be Mr Jacques Parizeau, who heads the newly elected

Separatist government in Quebec. The group will be in Beijing and Shanghai from November 6 to 10. It will also visit Hong Kong and Vietnam. According to one organiser, the

"advanced" stage of negotiations. The two governments are expected to sign a nuclear co-operation agree-

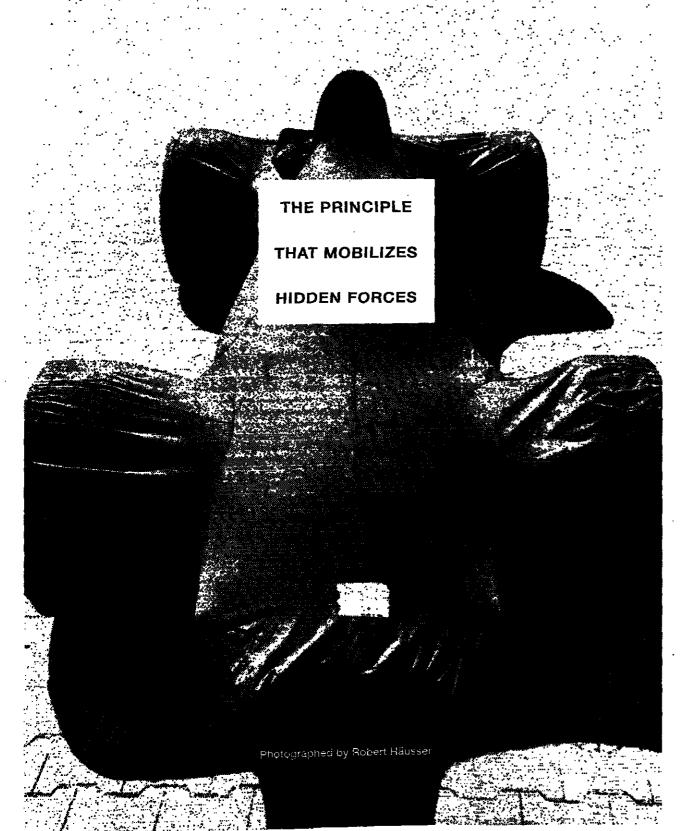
ment. Atomic Energy of Canada hopes the accord will be a "door-opener" for sales of its Candu beavywater reactors.

There is also to be a progress

discussing further projects.

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### Consumer confidence shows fresh dip in US

By George Graham in Washington

Consumer confidence weakened again this month while new data on employment costs showed wage inflation still very subdued, helping to offset the impression created by economic statistics last week that the US economy was about to accelerate again.

The Conference Board, a New York-based business organisation whose survey of consumer confidence is widely watched, said its index dropped this month by two points to 87.6 per cent. This is the fourth monthly drop in succession. but the board said the index had still fallen by a total of less than 5 points from its peak in

June. Mr Fabian Linden, executive director of the board's consumer research centre, said the survey suggested "continued economic growth in the months ahead. Respondents to the survey said they were more worried about job prospects

Index. 1985 = 100

and less optimistic about their own financial situation than in previous months."

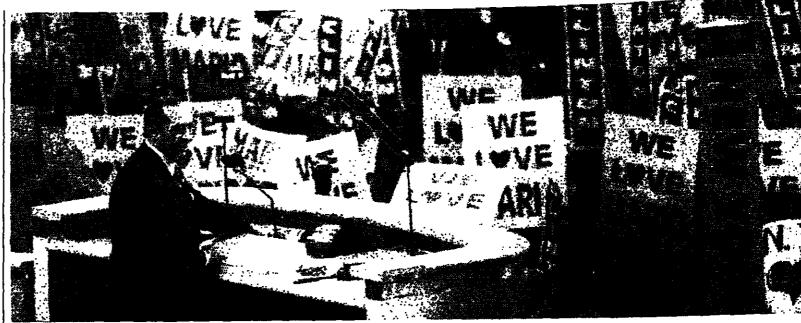
Although the decline in the confidence index has been modest, it was much larger than economic forecasters had anticipated, and served to dampen concern that the economy might again be showing signs of overheating. That concern was fuelled last week by strong housing starts data.

Data on sales of existing homes published yesterday showed more weakness, though sales still rose 1 per cent in Septem-

The Labour Department said its employment cost index rose by just 0.7 per cent in the July to September quarter, after rising 0.9 per cent in the second quarter and 0.8 per cent in the first. This left the annual rate of increase in employment costs stable at 3.2 per cent, the slowest rate since the index began in 1982 and arguably the west in the last 30 years.

Wages and salaries rose by 0.8 per cent in the third quarter, producing an annual increase of 2.9 per cent, but benefits, including health insurance, rose by 1.1 per cent in the quarter for an annual

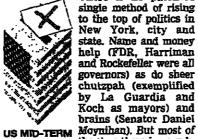
increase of 4.0 per cent. The Labour Department said wage increases in major collective bargaining agreements signed in private industry dur-ing the July to September period averaged 1.9 per cent a



Mario Cnomo during easier times at a Democratic Party convention in 1992

### Enemy camp aids Hamlet of the Hudson

Jurek Martin on Cuomo's battle to win a fourth term as New York state's governor



There is no patented single method of rising to the top of politics in New York, city and state. Name and money help (FDR, Harriman and Rockefeller were all governors) as do sheer chutzpah (exemplified by La Guardia and Koch as mayors) and brains (Senator Daniel

**ELECTIONS** 

the time there is no substitute for a sheer sense of larger-than-life drama. Not for nothing is Mr Mario Cuomo, the Democratic governor in pursuit of a fourth term, known as the Hamlet of the Hudson for his musings

on the meaning of life and his own There is now, indisputably, a pre-tender to that title and a new leading man on the state stage. The only question is whether Mr Rudolph Giuliani, the popular Republican mayor of New York City who endorsed the unpopular Mr Cuomo on Monday afternoon, will come to be seen as a Fortinbras, who inherited Denmark after Hamlet, or as a

scheming lago with his own agenda. There are two important sub-plots in Mr Giuliani's decision. The most obvious centres on the bitter emnity between the mayor and Mr Al D'Amato, the Republican senator from New York whose hand-picked candidate, the hitherto obscure Mr George Pataki, is ahead of Mr Cuomo in the governor's race. In 1989, Mr Guiliani blamed his narrow defeat for mayor by Mr David Dinkins on the senator's backing of another conservative candidate.

Stemming from that, and advanced both by Mr Giuliani and by a relieved New York Times editorial yesterday, is the mayor's calculation his perennially financially strapped city would receive more sympathetic treatment from Mr Cuomo than it would from a Governor Pataki whose campaign message is to lower both taxes and spending.

The Giuliani assessment was concisely expressed. He said Mr Cuomo, who has increased state funding for the city, loved and understood it and did not make promises he could not fulfil. In contrast Mr Pataki had "almost uniformly voted against the interests of the city and often the metropolitan region." But most telling, and most aimed at Senator D'Amato and Mr Pataki. sometimes scathingly labelled Gepetto and Pinocchio, were the words: "Mario Cuomo is his own man. I prefer dealing with someone who is his own man, even if we disagree on some important

Democratic joy at the Giuliani endorsement knew no bounds. Mr Cuomo described his decision, natu-

rally, as "extremely intelligent and courageous." President Bill Clinton called the mayor from Cleveland to express his appreciation. Republican fury, replete with allegations of treachery, was of a comparable scale. Mr D'Amato declared: "Rudy Giuliani is wrong." Clearly, much depends on whether or

not the Giuliani seal of approval rescues Mr Cuomo. The New York Post poll yesterday gave Mr Pataki a 44-36 point lead, with 11 per cent undecided and nearly 7 per cent going for Mr Thomas Golisano, a conservative prolife independent candidate.

The rough rule of thumb is the governor needs about two-thirds of the city vote to offset the Pataki advantage in conservative upstate areas. Mr Giuliani's popularity in his bailiwick should help. One poll found 11 per cent of the city inclined to follow his recommenda-

The mayor has seemed for some time

to be edging towards a Cuomo endorse-ment, frequently appearing with him at notionally non-political events. He had met the Republican candidate only once in the campaign, and reported coolly on their discussion, yet he was more complimentary after longer sessions with Mr Golisano, who is competing for the same votes on the right as Mr Pataki. On the other hand, Mr Cuomo, along

with Senator Edward Kennedy of Massachussetts the nation's most prominent liberal Democrat, has appeared very vulnerable. Not only was the conservative anti-incumbent tide washing against him, but the length of his tenure and his persistent refusal to take a national job on the Supreme Court or in the Clinton cabinet left many New Yorkers with the impression he would

have to be winkled out of office.

But the inevitable, though not necessarily accurate, talk of the town yesterday was as much on the mayor's ambitions beyond his city. With Senator Moynihan certain of re-election on November 8, the next state-wide openings are 4 years away in the next gover-norship race and Mr D'Amato's seat.

It would be easier for the mayor to succeed Mr Cuomo after 16 years than Mr Pataki after four. A race against Mr D'Amato would whet every appetite for political blood, but the Senator's control of the state Republican party is such that challenging him in a primary would be tough. But the trend of the times favours independent candidates and the mayor has, at a stroke, shown independence from his own party.

No mayor of New York this century has won higher elective office, though several have tried. Thus Mr Giuliani's statement on Monday can also be taken at face value - that he was not thinking about himself but following his own intuitions and sense of what was best

### Sanctions prove a thorny issue in US-Cuba talks

By Pascal Fletcher in Havana

Punitive sanctions slapped on Cuba by Washington in August have emerged as a point of contention in US-Cuban talks which opened in Havana on Monday.

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The talks, which end today, are intended to review a 45-day-old bilateral immigration accord under which the US agreed to increase the number of US entry visas granted to Cubans each year to a minimam of 20,000. This is to be done through accelerated visa processing, expanded criteria for refugee status and a visa lottery to begin November 1. Mr Dennis Hays, the US del-

tions on flights and dollar cash remittances to Cuba announced by President Clinton on August 20 were not part of the immigration issue. "They will not be dealt with at this time," he said.

Cuba took the opposite tack arguing that the August package of sanctions contravened the spirit of the bilateral immigration accord signed on

September 9 in New York. The US sanctions "have as much to do with the accord and immigration as the air that we breathe," said Mr Ricardo Alarcón, Cuba's chief negotiator. "If you want normal, orderly immigration, you

should not create obstacles to it," said Mr Alarcón, president of Cuba's national assembly. Havana had hoped the immigration accord might lead to a wider dialogue on ways of

solving the US-Cuban conflict.

Mr Clinton introduced the latest sanctions against Cuba in August after Cuba's President, Mr Fidel Castro, temporarily lifted restrictions on Cubans fleeing illegally in boats and flimsy rafts to the

> Some 32,000 refugees, barred access to the US in a sudden change of policy by Washington, were sent to US bases in Guantánamo Bay in eastern Cuba and in Panama

Mexico

warning

over

Mexico City

### Local version of privatisation planned in wake of stabilisation success

### Bolivia's way to shed state sector

By Stephen Fidler,

omy.

nomic activity.

ruption.

In government offices in the

centre of La Paz, the lights are

burning late. Fifteen months

into the four-year presidency of

Losada, officials are working

project they hope will change

the shape of the Bolivian econ-

The project aims at transfer-

ring to the private sector state

enterprises together responsi-

ble for about one-eighth of eco-

called privatisation. Opinion

polls, says Mr Edgar Saravia, a

senior government official, showed that Bolivians associ-

ate privatisation with a loss of

national sovereignty and cor-

The Bolivian version - called

capitalisation - aims to skirt these perceived objections. It

proposes bringing in foreign

investors to take a strategic

equity stake in the six enter-

prises, and then a distribution

of up to 50 per cent of the

remaining shares to the esti-

mated 3.8m adult Bolivians.

These shares will be placed in

special pension accounts to be

drawn on an annuity basis

For a country where only

the population - have bank accounts, this is an ambitious

undertaking. But the govern-

ment believes it necessary to

lift economic growth to levels

which will start to have an

impact on poverty. The coun-

when the holders turn 60.

Mr Manuel Telio, Mexico's foreign minister, has warned that approval by the state of California of a proposal to curb illegal immigrants' access to education and ealthcare would damage US-Mexican relations.

California

Mr Manuel Tello urged that proposition 187 - known as save our state - be rejected when it comes up for vote in the state on November 8. He indicated Mexico would back a constitutional challenge to the proposition were it approved by Californian voters.

The proposition, which appears from opinion polls to enjoy the support of a major-ity of Californians, would deny education and non-emergency healthcare to illegal immigrants and their families. It has caused a furore in Mexico. the main source of illegal immigration to the US. Some border cities have sought to boycott US goods in protest at

Mr Tello said the proposition would "contaminate" bilateral relations along the bor-der. He said trying to deny of undocumented immigrants would create the figure of a big brother that is watching

Mexico's ambassador to the US, Mr Jorge Montaño, voiced similar concerns. try is the poorest in the west-

ern hemisphere after Haiti and, according to the World Bank, about 70 per cent of the population are poor - fiving on less than a dollar a day.

Bolivia was one of the first countries in Latin America to Mr Gonzalo Sanchez de introduce a successful economic stabilisation plan to furiously on the details of a bring down inflation. In 1985, while planning minister, Mr Sanchez de Losada introduced the programme to attack annual inflation of over 23,000 per cent. Inflation has come down - to a forecast 6.8-7.3 per cent this year from 9.1 per cent last. But growth, while mostly positive - it should reach 4.5 The process is not being per cent this year - has not been enough to affect poverty

> Unlike most of its regional neighbours, Bolivia failed to follow its stabilisation plan with privatisations and other reforms of its economic struc-

> This has meant, the govern-ment reasons, inadequate investment and therefore slow growth. Public sector investment at 9 per cent of GDP has been higher than in most Latin American economies. But according to a World Bank report completed this month: "For the most part, these publocated and invested ineffi-ciently." Private sector investment has been running

> at a weak 5 per cent of GDP. The aim is to use capitalisa tion to develop the productive and export potential, particu-larly of the energy and mining sectors, and to triple private sector investment. With public investment falling to around 5



Sanchez de Losada: 'all bets'

per cent, the overall investment rate of 20 per cent or more should help to accelerate growth. There are difficulties with

the capitalisation approach. Unlike in a privatisation where government revenues are boosted in the initial years, capitalisation implies short-term costs for the government, because it receives no revenues. This and other reforms will boost the budget deficit next year and in 1996. According to an agreement signed in Washington last week with the International Monetary Fund, the deficit will widen to 4.4 per cent of GDP

next year, from an estimated 3.3 per cent this year, and in 1996 it will widen further. The government hopes that the sales of the stakes to strategic investors will be completed by July next year. To be capitalised are:

• YPFB, the state oil company, which accounts for about 9 per cent of GDP. Its greatest resources are gas rather than oil output of which has been falling slowly since the 1970s. The company's valuation will be boosted substantially - per-haps by two to three times - if potential investors perceive that preliminary agreements to export gas to northern Chile and Brazil will come to fruition soon. It could receive a capital injection of more than \$1bn. according to some private esti-

 Entel, the long-distance telephone carrier. It connects 260,000 telephone lines - most run by regionally-based co-operatives. This could, the government estimates, rise to more than 1m by the year 2003. Revenues have grown 70 per cent in the past five years to

 ENDE, the state electricity company, and the first to be capitalised. It generates more than a half of Bolivia's electricity. The country's market is small - currently there is 760MW of installed capacity but it is hoped that the possibility of generating electricity to the country's neighbours will entice investors.

• ENFE, the state railway company. It could be split into three or left as a single entity. The government may leave it open to allow bidders for one, two or three entities. The lines are likely to remain formally in state hands and handed over in 99-year concessions to the operating companies.

• LAB, the state-run airline. This is not going to be the easi-

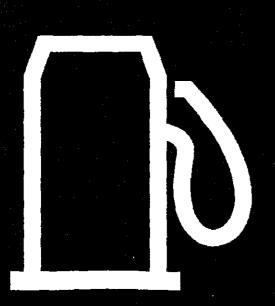
est capitalisation: a seminar to orientate potential investors was cancelled when only three showed interest in turning up. ENAF, smelters and associated mines. This is essentially what is left of the Bolivian state mining operations that once dominated the economy. The aim is to capitalise the smelters and offer leases on associated mines, which cannot be sold without changing the constitution.

After promising an early start to capitalisation, Mr Sanchez de Losada got bogged down with other legislation. An overall capitalisation law was passed, but six more important pieces of legislation are needed for privatisation, including a law establishing a regulatory system for the companies, electricity, telecommunications, and hydrocarbons laws, a tax reform law, and a revised mining code

Despite trouble this month with his governing coalition, the US-educated president appears to have secured for himself the necessary majority in both houses of Congress to pass the legislation. There is a lot riding on capitalisation. and the president knows it. "All my bets are placed on it. I'm a goner if it doesn't work.' he said in an interview last

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Zmbabwe

Once the fieldom of the British South Africe. Company, the territory then Phodesia) became a British colony at the

a British colony at the test of this century. The sattlers won self govern-ment in 1925, unliabredy declared independence in 1985, but howed to senctions and guestia. way in 1979, in 1980 elections, the Zeru party elections, the Zeru party

elections, the Zeric party came to power, where it stays today in partnershi with the Zapa party.

Mozambique

As in Angels, independence in 1975 was traumatic, marked by the exodus of more

by the excess or more than 200,000 actions of Portuguese origin and a tiel war encouraged the by white Rhodesta (now artists South Africa. A 1982 peace pact brough the war to an and. This

Thursday and Friday, 6.5m votes go to the pole in the country's firs multi-party elections.

South Africa

More than 950 years after Dutch explorer Jen van Riebeeck founded in settlement at the Cape of Good Hope, white rule and its apertheid racjal policies finally gave very in the face of senctions and downess conception

, in the lace of secretions ; end domestic opposition with the release from prison in 1800 of Netson Mandels. He was elected president of South Africa this year in the country's first as-race elections.

secretary-general's optimism

not shared by the people in Luanda. If the two sides show

the necessary political will, the

outstanding issues can be

resolved within a short time",

Mr Boutros Ghali said recently,

and urged the Angolan govern-

ment and Unita to conclude

the peace talks by October 31.

it would involve a revival of

tory. while in the main towns

Should a final deal be struck,

the collapse of

the transition

The Unita

fighters used

ons stockpiles

rapidly to cap-

ture much of

Angola's terri-

# Southern Africa eyes prize of peace

Angola '

The 1974 maken

takeover in Portugal brought Angulan independence the

independence the indicement year. Cuff war confinited, executed by South African invasions and the activities are activities are activities and the activities are activities are activities and activities are activities are activities are activities are activities are activities are activities and activities are activities are activities and activities are activities are activities are activities and activities are activities are activities and activities are activities and activities are activities and activities are activities are activities and activities are activities are activities activities are activities and activities are activities activities are activities and activities activities are activities activiti

United the Committee of the Committee of

Namibia

A 1988, US-brokered

If the 60m people of southern Africa were capa-L ble of collectively crossing their fingers, and uttering a silent prayer, they would be doing so this week.

The outcome of Mozambique's elections and Angola's peace talks will determine whether the region can, for the first time in three decades, secure peace.

Here, in the two countries where the old southern Africa was born some 400 years ago, the final stages in the shaping of the new southern Africa are taking place. It was on the coasts of

Angola and Mozambique that the Portuguese seafarers Vasco da Garoa and Bartolomeu Dias laid claim to an African empire which was to last until 1974. That year the foundations of white rule began to crack, for the coup in Lisbon in 1974 not only paved the way to independence for Portugal's African colonies, it marked the beginning of the end for minority regimes in Rhodesia and South Africa. The days ahead now see the final phase of that pro-cess, which has been hastened by the collapse of communism and the end of superpower rivalries.

In Mozambique, 6.5m voters go to the polls tomorrow and Friday in the country's first multi-party elections. If they proceed without mishap, the country can begin to develop an economy shattered by civil conflict and external aggres-

In Angola, talks aimed at bringing an end to the civil war may be within reach of success, according to Mr Boutros Boutros Ghali, United Nations secretary-general.

Should Mr Jonas Savimbi, the Unita leader who forced the collapse of the 1991 settlement when he refused to accept his defeat by President Eduardo dos Santos in the election the following year, agree to the terms negotiated over the past nine months in the Zambian capital Lusaka, the last piece of the regional settlement falls into place.

And if both Mozambique and Angola manage to secure a lasting peace in the critical days ahead, it would mark a watershed for the region, led today by newly democratic

The events that shaped a new southern Africa Liabon 1877 PRIK

1974 Portugal's dictatorating ousted.

1975 Portugal cades independence to colonies, and saling Angola and Mozambique, where guernile, wars began in early 1960s. Portugues fleet, and civil wars break out. South African troops Invade Angola; Cuba begins troop tuild-up.

1874 Mozambique closes border with Rhodesits, where with principle from

1876 Mozemblous classs border with Rhodesis, where while transity had underly declared independence from British in 1985; 1975 Guerfills wer in Phodesis excellates as focus field by Robert Magabe and Joshus Nicono Inflitzate from bases in Mccartibleus and Zanthia.

1979 Lineasiter House settlement on Rhodesis paves way for the Independent statis of Zanthias perty.

1986 US-brokered deal secures independent on the Independent on the Nemble from South Africa in return for Cuben troop withdrawel form neighbouring Angols.

Victory for the ANC means a better life;

Free of racial division and civil war, without external aggressors, and accepting the principles of democracy and civil rights, and with market driven economic planning, southern Africa will have a common cause: to develop the potential of lands rich in oil and natural gas, minerals, marine resources and agricul-tural produce, with the bonus of thousands of miles of fine

passing Af-

report to the Security Council said that "the peace talks are now in their final phase". The collapse of Angola's transition to democracy is fresh in the minds of the Mozambique electorate. Mr Chissano, whose party has ruled Mozambique since inde-pendence, is widely expected to win, but made clear that Mr Dhlakama would be part of a

1989 Sam Nujoma, leader of South West Africa People's Organisation.

alection.
1990 South Africa releases longtroprisoned black nationalist leader
Nelson Mandela.
1997 Cessettra in Angola chil war.
1992 Aspiden elections confirm
President Eduardo dos Santos\*
MPLA in power, but opposition Units
leader Jores Savirnis refuesa to
accept outcome. Chil war resurses.
1992 Cessettre in Mozambique chil
wer.
1994 Mandela's African National
Congress wins tiny of race elections Congress wins first eff-race elections in South Africa.

tion...Renamo is not an opposition in ideological terms. Some observers suspect that Mr Dhlakama is preparing the way for a return to the bush war. He has repeated recent warnings that Renamo would not tolerate electoral fraud in the presidential and parliamentary polls.

Unlike Angola, however, the integration of rival armies is cise on this scale and provide the manpower required. Without a settlement, the

willingness to pay for an exer-

conflict seems set to drag on as neither side is likely to win the war. Units is able to make much of the countryside ungovernable, but is unable to capture MPLA urban strongholds. Neither side seems short of funds. For the government, proceeds come from more than 500,000 barrels of oil that flow daily from mainly offshore oilfields. For Unita, an estimated \$250m (£158.2m) worth of diamonds have been leaked out from its territory, which includes the main diamond

producing areas. Generals and politicians on both sides openly recognise that the war is unwinnable. And the size of the prize at stake is so great that they know they will not readily be forgiven if they squander the opportunity for peace.

Angola is in the fortunate position of being able to fund its recover by using the oil and diamond wealth that currently funds the war, and take part in the wider reconstruction of the region. For the first time southern Africa is attracting the attention of emerging mar-ket funds, thanks both to polit-ical change in South Africa and economic reforms across the continent.

Although the bulk of the \$2bn-\$3bn the market might attract will go to South Africa, nearly a dozen stock markets are now competing for business - in Botswana, Côte d'Ivoire, Ghana, Kenya, Mauritius, Namibia, Nigeria, Swazi-land, Zambia and Zimbabwe. Traditional obstacles to investment - ranging from artificially fixed exchange rates and exchange controls to government hostility - are being eased or removed altogether.

For the first time in 400 years, the region will be free of systems of racially based hegemony, free of conflict, free of the ideological differences that marked the post independence era of Africa, and able to barness the power of South Africa. If Mozambique and Angola succeed in their transition to lasting democracy, the people of southern Africa may be able to look back on the days ahead as the start of a new and more

INTERNATIONAL NEWS DIGEST

### Japan scandal sentence passed

A former provincial governor, the only Japanese politician brought to trial in a bribery scandal involving the Sagawa Kyubin parcel delivery company, yesterday received a suspended prison sentence. Mr Kiyoshi Kaneko was given a one-year jail term suspended for three years, for taking Y100m (\$1m) from Sagawa Kyubin in a political funding scandal that helped bring down two governments.

Disclosures over Sagawa Kyubin's donations to senior politicians in 1992 and 1993 contributed to the collapse of the Liberal Democratic party government last year. Suspicions over Sagawa Kyubin funding caused the resignation of Mr Morihiro Hosokawa, prime minister of the succeeding coali tion government, last April.

Mr Ryutaro Hashimoto, international trade and industry minister, had not deviated from the cabinet's stance when he told a parliamentary committee on Monday that the question of whether Japan committed aggression against Asian neigh-bours was "a delicate matter of definitions," Mr Kozo Igarashi, Japanese government spokesman, said yesterday.

Mr Hashimoto, also chairman of the Japan War Bereaved Families Association, acknowledged Japan invaded China and imposed colonial rule on Korea, but claimed Japan's Second World War fight was not with Asian nations but with the US and European powers. William Dawkins and Reuter, Tokyo

#### MCl in Mideast telecoms deal

The US telecommunications giant MCI said yesterday its had signed a contractual agreement with Patelco, a private com-pany with the telecommunications concession for the Gaza Strip and West Bank, to provide international telephone network capacity. The MCI statement, made after a ceremony in Gaza yesterday which marked the transfer of the telecommunications network from the Israeli state-owned telecom company to Patelco, comes amid growing international controversy about the award of the contract. Mr Lawrence Kodacovi, senior vice-president of MCI, said Patelco would run and operate the telecommunications system in all Palestinian areas and MCI would provide the network capacity to link the Palestinian areas with the rest of the world. The US has formally complained to Mr Yassir Arafat, Palestine Liberation Organisation chairman, about the absence of open public bidding for the telecoms contract. Julian Ozanne, Jerusalem

Migrant trafficking on increase

Trafficking in migrants is on the increase and now accounts for the bulk of Hegal immigrants into the world's rich nations, according to the International Organisation for Migration. It estimates that traffickers pocket hundreds of millions of dollars each year from several hundred thousand migrants seeking a better life overseas. Payments can reach \$30,000, the going rate paid by Chinese to gangs for entry to North America and western Europe. Frances Williams, Geneva

#### S Africa trade surplus falls

South Africa's trade surplus fell in September to just R168m (\$48m), precipitating a sharp rise in local bond yields. Imports dropped slightly to R7.4bn from August's R8.1bn, while exports fell even more sharply to R7.6bn from R8.4bn, bringing the total trade surplus so far this year to R10.6bn, well down on R14.9bn for the same nine months in 1993. Mark Suz

coalition government only on more advanced and the UN previous accords in 1991. But rica's finest As Mozambique and Angola edge warily in the late 1992 But although toward a lasting peace, Michael Holman, the foundations of the new Nicholas Shaxton and Peter Stanley place, much assess the likely impact on the region

can yet go wrong before the edifice is finally complete. In Mozambique Mr Afonso Dhlakama, leader of the erstwhile rebel Renamo party and the main challenger to President Joaquim Chissano's ruling Frelimo party, seems to be hinting that he, like Mr Savimbi, might not accept defeat

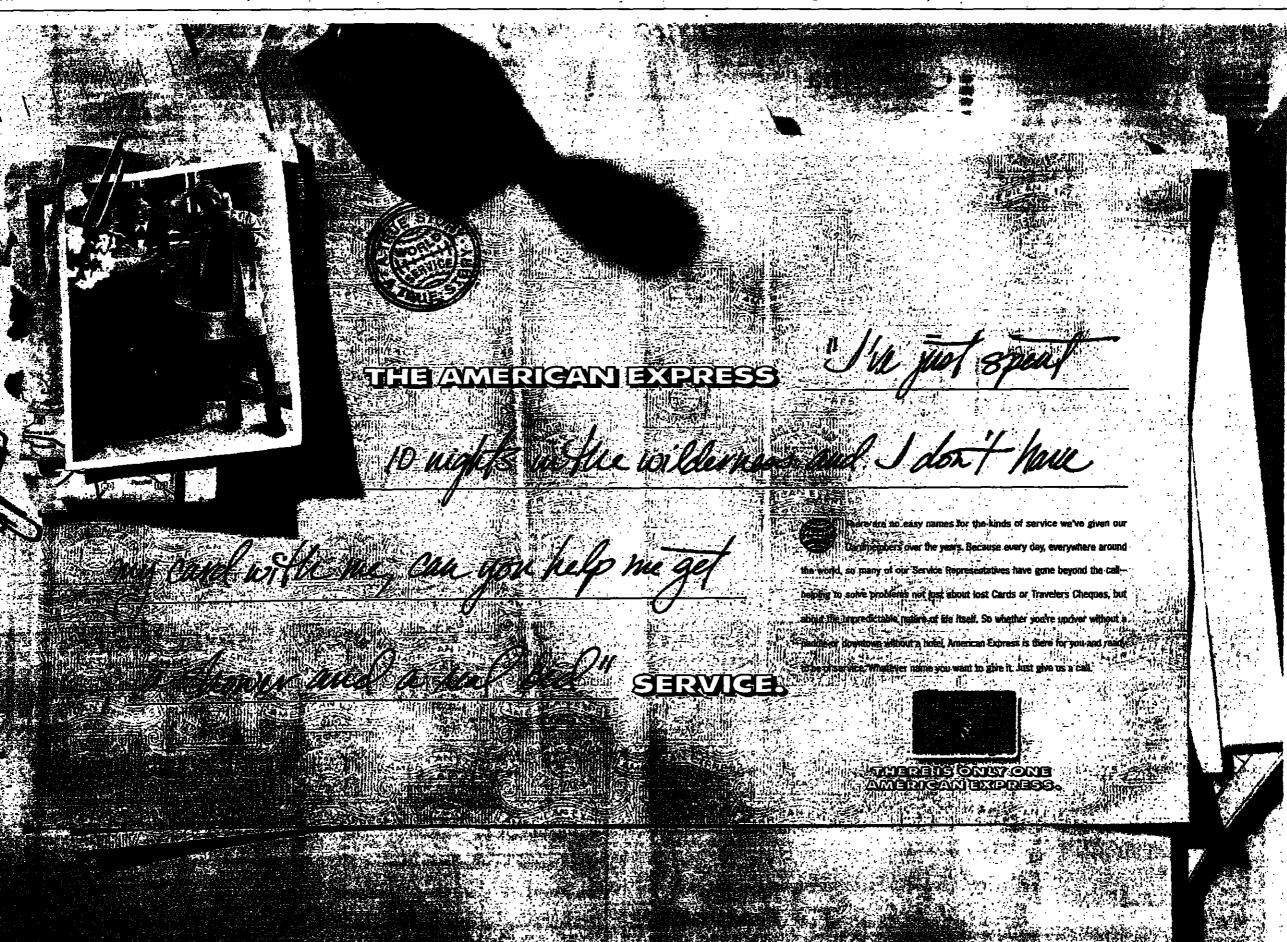
at the polls.

his terms, unconditionally monitoring force is 7,000 strong accepting Frelimo policies. The differences between the two parties are not ideological, however but stem from regional, ethnic and personal

"First we are asking whether Mr Dhlakama will accept my programme with no precondi-Meanwhile peace may yet tions," said the president. "I think it is necessary to have opposition, but in parliament, mot in the administrations," said the president. "I

nearly 10 times the Angola contingent - and is backed by 2.400 international observers. Both sides, however, are thought to have substantial arms caches and to have kept back soldiers in reserve.

and cities MPLA vigilante groups hunted down and killed Unita supporters. The renewed distrust will make disarmament of both sides, envisaged under the new peace plan, a difficult exercise. Whichever party wins the elec-tions, only a coalition govern-ment can effectively tackle the The two sides do agree that Angola needs a UN force at least 6,000 strong to oversee a ceasefire. Both government legacy of 400 years of colonialn and 30 years of war. and Unita officials are doubt-Meanwhile in Angola the UN full however, about the world's prosperous era.



TOTAL SUL

The models

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**By James Blitz** 

The prime minister yesterday published a report by Sir Robin Butler, secretary to the cabinet, after an investigation into allegations of impropriety against members of the government brought by Mr Mohamed Fayed, the chairman of Har-

In the report Sir Robin said that he was asked to investigate the allegations on September 30, one day after they had been brought to Mr John Major by an informant.

According to Sir Robin, the informant said the Harrods chief had sought a meeting with the prime minister "principally because of Mr Fayed's wish to have the Department of Trade and Industry inspectors' report on the takeover of the House of Fraser revised or

withdrawn". The report said: "He had made a number of allegations against government ministers and was contemplating passing them to others." The prime minister told Sir Robin that it would be impossible for him to meet Mr Fayed. Mr Major said he would not make any deal with the Harrods chief -"regardless of the cost to the government's reputation".

On October 3, the prime minister instructed Sir Robin to ters," Sir Robin wrote.

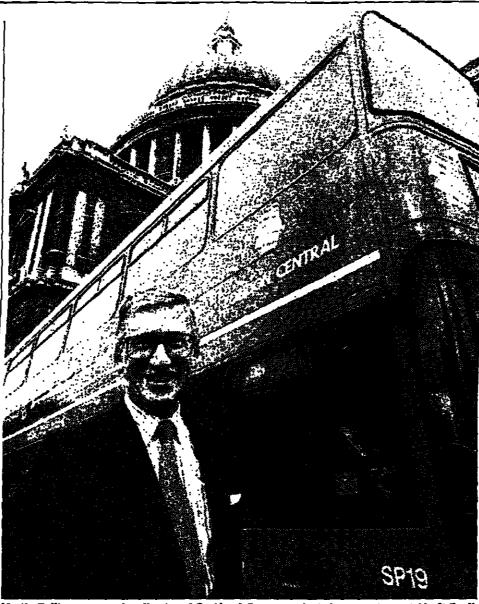
follow up all the allegations with the ministers concerned. Sir Robin had "conversations" with the ministers the week before the Conservative party conference. On Monday October 17, after his return from Bournemouth, Mr Major concluded that he should accept the resignation of Mr Tim Smith, the junior Northern Ireland minister, at the end of the week once Sir Robin had

completed his inquiries. However, before this happened, allegations that Mr Smith and Mr Neil Hamilton, the corporate affairs minister. were paid to raise questions in the Commons on Mr Fayed's behalf were published in The

Guardian newspaper. Mr Smith told Sir Robin that he received payments from Mr Fayed between 1987 and 1989 without declaring the information in the Register of Members Interests until just before the end of that period.

The report said: "He acknowledged that he should have done so earlier Hamilton emphatically denied throughout his inquiries that he had received any payments deriving from Mr Fayed.

"I have found no evidence which controverts Mr Hamilton's assurances on these mat-



Martin Ballinger, managing director of Go-Ahead Group, a private bus operator, outside St Paul's Cathedral celebrating Go-Ahead's purchase for nearly £24m (\$37.9m) of the publicly owned London

### growing price pressure

By Philip Coggan,

Manufacturers are enjoying a surge in exports but plan to increase prices in the face of rising costs according to the latest quarterly survey of industrial trends from the Confederation of British industry, the largest employers' organisation.

The survey showed that more manufacturers were planning to increase domestic prices in the next four months than at any time since January 1991.

The CBI survey also found

optimism Rusiness d over the quarter. Investment intentions improved, with the number of in new plant and equipment reaching its highest level since April 1989.

Fewer jobs are being lost than at any time since October While the signs of an export-

led recovery and higher manufacturing investment may be welcome to the government, the news of potential inflationary pressures raised fears that further interest rate increases might be announced this year.

The CBI's findings on price expectations were one of the factors cited by Mr Kenneth Clarke, chancellor of the Exchequer, and Mr Eddie George, governor of the Bank of England (the central bank), when they increased base rates last month.

CBI surveys deduct the proportion of those expecting a factor to decline from those expecting it to increase, and express the result as a percentage balance.

The balance of companies expecting to raise prices in the next four months was 20 per cent, up from 12 per cent in the last quarterly survey and 15 per cent in the CBI's monthly trends report in

September. The survey showed that a balance of 9 per cent of companies increased domestic prices highest since early 1991.

### CBI finds | Deadline is set for Maxwell pension payouts

By Norma Cohen, Investments Correspondent

International investment banks and advisers to the pension schemes formerly controlled by Robert Maxwell have been given until November 4 to make an offer of restitution. Sir Peter Webster, the former

High Court judge appointed to help find a "global solution" to the shortfall in Maxwell pension scheme assets, met trustees and advisers to most of the schemes yesterday. Sir Peter hoped the global solution would raise "several hundred" million pounds, enough to enable each scheme to meet its lishilities in full

Sir Peter is understood to have told the investment banks that he will not accept offers which are not "reasonable" both in relation to the amount sought by pension schemes and in relation to contributions offered by other participants.

Trustees yesterday asked Sir Peter to set a deadline for completion of a final settlement, hopefully before

the end of the year. Sir Peter has been working since last spring to find ways to allow investment banks and advisers which may have assisted in the disappearance of assets from the schemes to make restitution without incurring the embarrassment

of admitting doing wrong. Firms which do not make reasonable offers of restitution by November 4 risk legal action by the pension schemes. It is understood that several schemes have prepared writs, served, seeking millions of pounds.

Sir Peter is understood to have told trustees that participants in the global solution are likely to set conditions on

contributions. In particular, they will seek confidentiality and a guarantee that no further claims be made against them. Also, they may seek assurances that counter-claims from other investment banks will also be

### Most life houses welcome SIB plan

The leading life companies yesterday broadly welcomed the Securities and Investments Board's two-year blueprint for helping victims of pension mis-selling - except for Legal and General which

attacked the scheme, Jim Kelly

writes.

Mr David Prosser, chief executive of Legal and General Group, said: "We believe that the SIB is unfairly putting too great a burden of the costs of resolving the issue on the life assurance industry . . . This is a pensions industry problem which should have been funded by the whole of the

pensions industry." Mr Prosser said the additional provisions Legal and will have to make General

under the scheme would be within the financial capacity of

Mr Geoffrey Lister, chief executive of the Bradford and Bingley Building Society, said the problem revealed by the SIB report was surprisingly large and many smaller advisers might be forced out of busi-

He said: "I hope that SIB is supported in its suggestion that occupational pension schemes will be reasonable in their demands when it comes to reinstating transfers and

opt-outs. Otherwise I fear the IFA findependent financial adviser! sector will become solely the preserve of larger organisa-

tions like ourselves.

### Old dispute entangles Rowland and Fayed

By Robert Peston

The complicated relationship between Mr Mohamed Fayed and Mr Tiny Rowland - once friends, then enemies, now allegedly buddies - took an extraordinary twist yesterday when it emerged that they are in effect suing each other

They find themselves at opposite ends of a court case because of an indemnity which Mr Rowland's company, Lonrho, gave to Mr Graham Jones. a former employee of Mr Fayed who defected to Lonrho.

potentially substantial liability may have been created for Lonrho by legal proceedings which Mr Fayed initiated at the beginning of the year for breach of confidence against Mr Jones, former finance director of House of Fraser, the stores group which was acquired by the Fayeds in 1985. Mr Jones is defending the

Mr Rowland last night confirmed the existence of the indemnity, but said that he did not believe Mr Fayed would do anything to damage him.

New Economy fare,

Mr Royston Webb, Mr Fayed's legal adviser, said that in the forthcoming case he would be contesting the validity of the indemnity. He said that there was precedent that such an indemnity was void if

wrongdoing was proved. Mr Michael Cole, a colleague of Mr Fayed, said Mr Fayed and Mr Rowland "currently love each other", so he did not believe Mr Fayed would pursue the case if it hurt Mr Rowland, Until peace broke out last October, Lonrho and the Fayeds had been warring in and out of court for eight

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years, because of Mr Rowland's fury that the Fayeds had snatched House of Fraser from under his nose.

As part of his campaign to destabilise the Fayeds, Mr Rowland had allegedly secretly recruited Mr Jones in the spring of 1990. Mr Jones had left House of Fraser in January of that year and had allegedly undertaken not to divulge confidential information. Mr Jones allegedly received payments of £555,000 from Lonrho between April 1990 and June 1991. During that period, he allegedly supplied information to the

the Fayeds were not fit to own Harrods Bank. The Bank took action

against the Fayeds and in June 1991 it forced them to surrender their management control of Harrods Bank to an independent trustee. Mr Fayed was furious. He had long suspected that Mr Jones had worked with Lonrho but could not prove it. After Mr Fayed and Mr Row-

land agreed to drop their court cases against each other, he asked Mr Rowland for docurelationship with Mr Jones.



#### December 1 & 2, 1994

Venture Forum Europe '94, the fifth in a well received European series arranged by the Financial Times and Venture Economics, brings together authoritative speakers from Europe and North America to review current developments in the venture capital industry and to examine future trends.

SPEAKERS INCLUDE:

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B&S Ventures Srl Mr Colin Blessler Partner in charge of Corporate Finance

Coopers & Lybrand Mr Christopher M Bown

Baker & McKenzic (London) Mr Peter A Brooke Chairman & Chief Executive Officer Advent International Corporation

Mr Roger Brooke Candover Investments nic Mr Douglas R Brown Chairman & Chief Executive Officer

Advent International plc Mr Thomas F Cadigan Assistant Treasurer & Managing Director IBM Retirement Funds

Mr Roderick Crawford Director & Head of Investor **BZW Securities Limited** 

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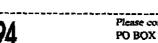
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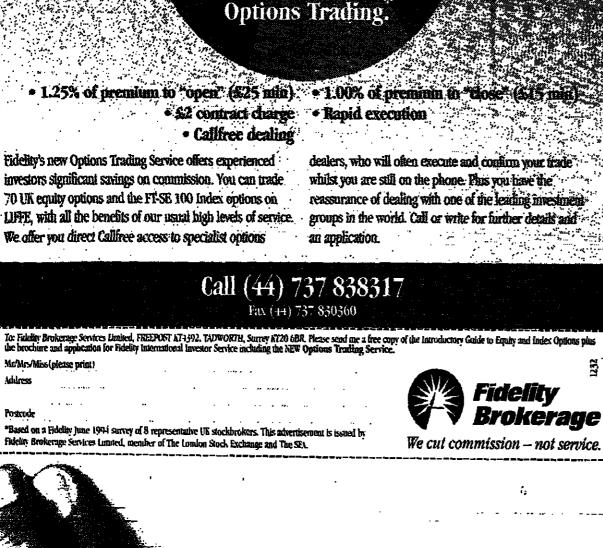


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UK NEWS DIGEST

house

### Engineers move nearer to deal on single lobby

An initiative to create a single voice for the engineering industry was announced by Sir John Fairclough, chairman of the 13-year-old Engineering Council. He unveiled a proposal to create a new body to bring together the views of the institutions, industry and academics and provide the long-awaited "single voice" for the profession.

Sir John's attempts to create a new structure have been strongly supported by industrialists and by Mr Michael Heseltine, trade and industry secretary, who believes a more unified structure would raise engineers' profile and simplify relations with the government.

The council is the federal body for 41 professional institutions, but many engineers believe it has falled to provide an effective voice for the profession. Larger institutions have also been wary of conceding it too much power. After several months of discussions by a policy group set up in September last year, the breakthrough came with the development of a proposal for a democratically-elected "senate" to be the focal point for the profession. The senate would have two boards, one to promote the profession, and the other to pro-

#### Warning on trade conflict

The world's main trading nations should rise above politics in picking a leader for the World Trade Organisation, Professor Jagdish Bhagwati of New York's Columbia University said in London last night at a memorial lecture for Harold Wincott, the former Financial Times journalist. Prof Bhagwati, an international trade economist and former economic policy advisor to GATT, said that the new WTO faced a historic challenge in finding solutions to new sources of world trading conflict. Foremost among these would be the environment, labour

standards and international competition policy. He said in the 24th annual Wincott lecture that the WTO would require "intellectual leadership, not the skills of politi-cal fixmanship." "Instead," he continued, "we observe the main trading nations battle to put their man in Geneva. It seems that their chief desire is to pursue their narrow political advantage, and advance their preferred economic agenda."

#### Research on 'yobs' in schools

Better ways need to be found to control the "yob element" creating uproar in classrooms, said Mr Chris Woodhead, chief inspector of schools. It was no answer to expel disruptive nunils. leaving them to roam the streets. He said his organisation, the Office for Standards in Education (Ofsted), would examine methods used by schools which succeeded in handling disruptive pupils without expelling them.

Mr Woodhead spoke after Ofsted reports indicated a rising number of expulsions and suspensions from schools. Reports on 10 per cent of schools for pupils aged 11 or more showed that almost 900 pupils were expelled permanently from schools in England last year. One in eight schools expelled five or more pupils. Some 1,178 pupils were suspended indefinitely and nearly 10,000 were ordered out of schools for fixed periods. "If this is a rising trend, it is something we must all be worried about," said Mr Woodhead.

#### Channel train delayed again

The Eurostar Channel tunnel rail network yesterday suffered its second delay on a trip arranged so that a trainload of invited guests could sample its service to the Continent. The train heading from London to Brussels was delayed for 10 minutes in the tunnel because it had to be diverted from one track to another after a a signal fault.

A similar trip to Paris last week opened with the train breaking down at London Waterloo and passengers being transferred to a replacement after an bour's delay. Mr Malcolm Southgate, deputy managing director of European Passengar Services, said: "This was nothing serious, but it did slow us down a bit." European Passenger Services - the UK arm of Eurostar - explained that the signalling fault was a problem for Eurotunnel, the tunnel operator.

### Crowds flock to Pulp Fiction

Quentin Tarantino's film Pulp Fiction, winner of the Palme d'Or at Cannes this year, has taken more than \$700,000 (\$1.1m) at 130 UK cinemas during its first weekend, Buena Vista International, the distributor, said. The film starring John Travolta and Bruce Willis has topped the US box office for the past two weeks. The film has been greeted by many British critics as brilliant, but unusually disturbing. Tarantino's Reservoir Dogs has returned to UK cinemas after months of being barred from distribution on home video tapes.

Tarantino's True Romance has, however, been cleared for video release in the UK in December after becoming embroiled in a long public debate about the effect of violent films in the wake of the murder in Liverpool of two-year-old James Bulger. Evidence was given At the trial of the boys convicted of killing him that they had been influenced by watching a film called Arts, Page 13

#### Salmon survives long journey

A salmon tagged by scientists on the River Dee in Wales a year ago has been caught more than 1,000km away in Denmark. Mr Henning Pedersen landed it while fishing in Jutland and qualified for a reward of 25 (\$7.90) from the UK's National Rivers Authority. Mr Ian Davidson, a scientist at the authority, said: "A salmon recaptured outside the British Isles is exceptional, and a first for our current programme of tagging

The fish was one of nearly 1,300 fish fitted with a coded plastic tag at a weir in Chester, north-west England, in Octo-ber last year as part of research to monitor the progress of salmon and stocks in the Dee. About 20 per cent were caught by local anglers and others were recovered from neighbouring rivers. Scientists do not know how one fish survived as far as Denmark. "The mystery remains whether it was a Dee fish which went completely off course, or whether it was originally a Danish fish that somehow found its way to Wales and then returned to Denmark," said a scientist.

### MPs point to cancer risk from petrol

By Charles Batchelor, Transport Correspondent

An all-party committee of MPs and the UK oil industry yesterday became embroiled in a fierce argument over whether unleaded petrol poses more of a threat to health than the leaded petrol it set out to replace.

The row broke out after the House of Commons transport committee called for a ban on the sale of super-unleaded petrol and a government review of "premium" unleaded after scientific evidence showed it to be more likely to cause cancer than leaded fuel.

The MPs' findings, contained

in a report into air pollution in credentials but without mak-London, overturn many popular assumptions about the use of "green" petrol. Their report came on the eve of the publication of an in-depth study of the impact of the car on the environment by the Royal Commission on Environmental Pollu-

Many motorists using unleaded petrol would be shocked to learn "they are chucking out greater quantities of pollutants than an old banger," the transport committee commented

It said: "Sales of unleaded petrol have been encouraged by aggressive promotion cam-paigns emphasising its 'green'

ing the crucial distinction between its use with and without a converter. The result is a huge gap between public per-ception and reality."

The UK Petroleum Industry Association, representing 15 large oil companies, denied there was any justification for banning super-unleaded petrol. Unleaded petrol had been introduced in response to a government request to reduce lead in the atmosphere, it said.

Apart from the lead content there was no significant difference between the composition of unleaded petrol and fourstar leaded petrol. Aromatics such as benzene, blamed for

causing cancer, had not been added to replace the lead, the association said.

It also denied that oil compa-

nies were involved in the 'aggressive" marketing of unleaded fuels. The industry would be delighted to cooperate in any government investigation, but research was already under way into the polluting effects of a wide range of fuel blends.

The MPs urged that superunleaded, used in high-performance engines and accounting for 6 per cent of motor fuel sales, should be phased out by the end of 1996. They called on the government to investigate the use of unleaded petrol in

1974, are to be abolished. It

now seems clear that the cur-

will be restricted mainly to

Last year, Mr Gummer said

he wanted the retention of the

current system to be the

"exception", and expected the

commission to recommend uni-

tary councils even if in some

cases this involved extra

expense. But opposition to the proposals for Somerset and

North Yorkshire proved

Conservative MPs, including

the former cabinet minister Mr

Tom King, had threatened to

vote against the proposals in

One of them, the paymaster-

parliament

In Somerset, all the county's

rent local government review

undoing the work of 1974.

Mr Brian Mawhinney, transport secretary, and Mr John Gummer, environment secretary, expressed surprise at the the report and said benzene levels in London were at or below recommended levels.

The British Medical Association, which represents family doctors, said the report suggested only "minor technical fixes" and ignored the need to reduce car travel by invest-

ing in alternatives. The report made 35 recommendations on improving air quality including tougher emission standards as part of

of District Councils had

dubbed the proposal to create a unitary North Riding of York-

shire "Shambleshire", while

Mr Robert Banks, the Conser-

vative MP for Harrogate,

described the plans as "a com-

of the government's review

commission, said vesterday

that views of residents in these

two counties "were not clear cut", and that the proposals

had been "finely balanced".

While there was majority sup-

port for unitary councils in

both counties, he said. "there was no consensus for any par-

He added: "The commission's

Sir John Banham, chairman

plete load of rubbish".

bridge is opposed

By James Buxton. Scottish Corresponder

**Second** 

**Forth** 

The government was urged yesterday to postpone for five vears a decision on building a road bridge over the Firth of Forth near Edinburgh, the Scottish capital. It was advised instead to raise tolls on the existing road bridge in order to finance transport improvements which might make a second road bridge unneces

The proposal came from Lothian Regional Council, which covers the area on the south side of the Firth of Forth, in response to studies published by the government which present a strong case for a second bridge. The government is expected to announce before the end of the year that it wants to go ahead with the project, which would be

financed by the private sector The regional council acknowledged yesterday that severe traffic problems at the bridge would increase if nothing was done. It proposed increasing tolls on the existing bridge from 40p per car each way to £1.50 (\$2.37) as soon as consent could be obtained from

The increase would help reduce unnecessary traffic on the bridge and yield £25m a year to municipal authorities and the government's Scottish Office. Of this, £20m would go

to fund improvements in public transport and road links. Extra money would be invested in the railway system to boost the number of trips made across the Forth railway

### Retreat is forced by Conservatives who represent areas with threatened authorities

### Government drops plan to scrap councils

By John Authers

The government yesterday abandoned its plans to abolish North Yorkshire and Somerset county councils after pressure from Conservative MPs.

The Local Government Commission had recommended that both counties should be replaced by councils combining the powers now held by districts and county authori-

The move was the latest twist in a long series of government attempts to secure a satisfactory reform of local gov-

The process began in 1974 when many of the old counties dating back to Anglo-Saxon times were abolished in a radical redrawing of the adminis-

trative map.
The commission was set up by the present government in 1991 to meet some of the criti-

on Scottish

parliament

A Scottish parliament would take over the present role of

the Scottish secretary in the

UK government, the Scottish Constitutional Commission

The opposition Labour party has said that it would estab-

lish a parliament for Scotlar

if it forms the next UK govern-

ment as a forerunner of and in parts of England. The

centrist Liberal Democrats are also in favour. But all parties

except the Scottish National party oppose full independence for Scotland.

The implication that there

would be no role for a Scottish

secretary in the UK cabinet is likely to be seized on by Conservative opponents of a Scottish parliament who will argue that Scotland would lose its

Robertson, Labour's shadow Scottish secretary, said the commission's proposals were

one more building block in a truly historic construction."

The commission grose out of the Scottish constitutional

convention, a body dominated by Labour and the Liberal Democrats which drew up a

scheme in 1992. It propos that Scotland keep its 72 MPs

its own parliament.

at Westminster after it gains

It suggests a that Scottish parliament would have between 100 and 140 members

elected by a dual electoral system to ensure that a party

which only won about 40 per cent of the vote would not take

Mr Robertson said the com-mission had been right to insist on keeping the current

number of Scottish MPs at Westminster. "Since there will be a rolling process of decentralisation throughout Britain there will be no anomaly in retaining Scotland's compli-

a majority of the seats.

ment of MPs." he said.

voice in the UK cabinet. Yesterday Mr George

said yesterday.

Warning

Painful path to municipal reform

1991: Government raises prospect of ending traditional two-tier system in which large county councils and smaller district councils hold different DOWERS Over the same areas 1993 May: Review commission's first recommendations involve abolishing

several county councils 1993 July: John Major valoes proposal by environment minister John Guaranter to abandon the review for all counties and send the commission only to counties where a majority request it

1963 Oct: Gummer agnounces changed guidance to the commission: setaining existing two-tier administration is now to be the "exception" 1994 Jan: Lancastere county council, threatened with abolition, wine court judgement that Gummer's "exception" rule is unlawful

1994 summmer: Commission suggests abolishing several county councils and handing their powers to enlarged district authorities; launches local "advisory referencia" .1894 October: Reference show widespread opposition to administration by enlarged district councils . . . .

The commission hinted yesterday that there would be a further climbdown from radical reform today, when it will submit proposals on nine more counties to Mr John Gummer.

cisms of the 1974 structure. the environment secretary. It is expected to recommend no change in six counties. However, Mr Gummer told

. . . . . . .

general Mr David Heathcoatparliament yesterday that Avon and Humberside, both

resign as a minister over the created in the reorganisation of The cross-party Association

Amory, had even threatened to

pioneering work in measuring public opinion and people's feelings of community has revealed in many other places substantial bodies of opinion

ticular solution".

wanting local government left

incredit.

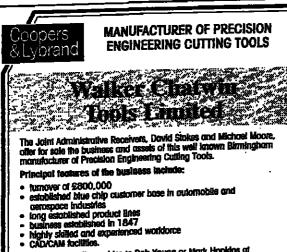
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# Warning on threat to accord in N Ireland

By David Owen, Jimmy Burns and John Murray Brown

Hardline extremists could try to derail the Northern Ireland peace grocess, Sir Patrick Mayhew, Northern Ireland secretary, said yesterday. In comments made in North-

In comments made in Northern Ireland within hours of the reported abduction of the son of an ex-Sinn Fein councillor, Sir Patrick called for "the greatest restraint and self-discipline" from all concerned. Those trying to provoke a return to violence "must not succeed", he said.

Sir Patrick said: "I don't know if it's the case in this instance, but we must expect there will be people who don't wish to see an end to violence and who will be trying to provoke a return to violence.

"Whenever peace comes after a long period of conflict there is a risk hardline extremists will try and provoke a return to violence."

The disappearance of Mr Paul Carroll was the first apparently politically motivated incident in Ulster since the declaration of a loyalist ceasefire two weeks ago.

Last night the mystery surrounding Mr Carroll deepened when his father said that his son was "in safe hands" and was in hiding from the police because he was an informer.

Mr Tommy Carroll contradicted an earlier version put out by members of his family that Mr Carroll had been abducted from his home by masked men.

Police sources in Armagh City said that Mr Carroll had no previous terrorist convictions and was not known to be linked with any terrorist

However, because of the staunchly republican creden-

tials of members of his family, police were working on the theory that he may have been abducted as part of an internal feud, possibly IRA-related.

Two of Mr Carroll's uncles were shot in separate terrorist-related incidents in the 1980s. Roddy Carroll, a member of the INILA – an extremist break-away group from the IRA – was shot by police allegedly involved in a shoot-to-kill policy. A second uncle, Adrian, was murdered by loyalist paramilitaries.

Loyalist politicians representing protestant paramilitaries were in New York yesterday. They were expected to meet low-ranking administration officials.

The loyalists, led by Mr Gusty Spence a former paramilitary and a convicted murderer and Mr David Ervine, who has also been in prison on bomb-related offences, said they were prepared to meet with Sinn Féin, the IRA's political wing.

The loyalist groups, unlike constitutional unionist parties, have no misgivings about Dublin's proposed cross-border institutions, as long as it is not a "Trojan horse leading to a united Ireland".

Yesterday's events came as Mr Albert Reynolds, the Irish prime minister, told the Dail that the framework document with which the two governments hope to inject momentum into talks involving Ulster's main political parties on the province's future had to strike a "very fine balance".

Meanwhile, Ms Maire Geoghegan-Quinn, Irish justice minister, told the Dail the government would act soon to scrap the Republic's state of emergency, effectively available as an anti-IRA measure for more than half a century.



Deal in his sights: defence secretary Malcolm Rifkind in Kuwait yesterday with a Javelin anti-aircraft missile launcher at a training camp. He was on a two-day visit

### Shorts receives £50m order from Kuwait

Shorts, the Belfast-based aerospace company, has received a £50m order for air defence missiles from Kuwait.

The announcement of the order came at the end of a visit to the emirate by Mr Malcolm Rifkind, defence secretary. The order was said to be a surprise to the Ministry of Defence, the Defence Export Services Organisation and Shorts.

The company will supply Kuwait with the Starburst shoulder-launched anti-aircraft missile.

Starburst - the immediate successor to the Javelin system, which Shorts has sold to more than 10 countries - has been developed to destroy high-performance low-flying aircraft as well as attack helicopters.

The Starburst is a competitor to the

US-made Stinger missile, which was used by rebels in Afghanistan against Soviet aircraft. Mr Terry Stone, Shorts Missile Systems chief executive, said: "We are

Mr Terry Stone, Shorts Missile Systems chief executive, said: "We are delighted that Starburst was selected over its rivals to win this prestigious multi-million pound contract.

ontract. tract would not affect plan "Its forward hit capability and jobs at its plant in Belfast.

unjammable laser guidance clearly proved it is in a class of its own and we value highly the Kuwait government's endorsement of Starburst's effective-

Shorts, which has been promoting Starburst in the Middle East, particularly Kuwait, since 1991, said the contract would not affect plans to cut 240 jobs at its plant in Belfast.

### EU fails to limit animal journeys

By Alison Maitland

European agriculture ministers in Luxembourg were again locked in stalemate last night on the plan to limit journey times for animals being transported for slaughter.

A compromise proposal from Germany, current EU president, to leave maximum journey times at the discretion of member states met widespread

disagreement.

The Royal Society for the Prevention of Cruelty to Animals said the deadlock meant that "millions of animals will continue to suffer long, unnecessary, stressful journeys".

journeys".

The issue is extremely emotive with the British public, 56,000 of whom rang the RSPCA supporting its recent full-page newspaper advertisements calling for an eighthour journey limit.

hour journey limit.

Ferry companies have introduced bans or restrictions on transporting live animals to the Continent in response to a campaign by animal welfare

groups.

Theythey will maintain their bans unless European-wide agreement is reached.

agreement is reached.

Northern member states, which favour journey limits of between eight and 15 hours before animals are rested, remain at loggerheads with southern states, which prefer a 22-hour limit.

## Heathrow tunnel collapse delays work a month

By Charles Batchelor, Transport Correspondent

Work on the collapsed section of tunnel under terminal three at Heathrow airport, London, is unlikely to resume for at least a month, BAA, the airport operator said yesterday.

A preliminary investigation into the causes of the collapse, which has caused traffic chaos around the airport, is expected

to take 10 days.

Up to a further three weeks will elapse while the contractors, Balfour Beatty, and BAA decide what action can be

BAA said that although travellers might have difficulties getting to Heathrow, the tunnel workings posed no threat to the operations of the airport or the airlines using it.

The controversial "new Aus-

trian tunnelling method" is being used on only two short sections, where stations are being built at the two terminal complexes. Conventional boring methods are being used under runways and for the rest of the 4%-mile tunnel.

The problems at Heathrow started on Friday when earth began slipping into the tunnel near the terminal three car park during construction of the

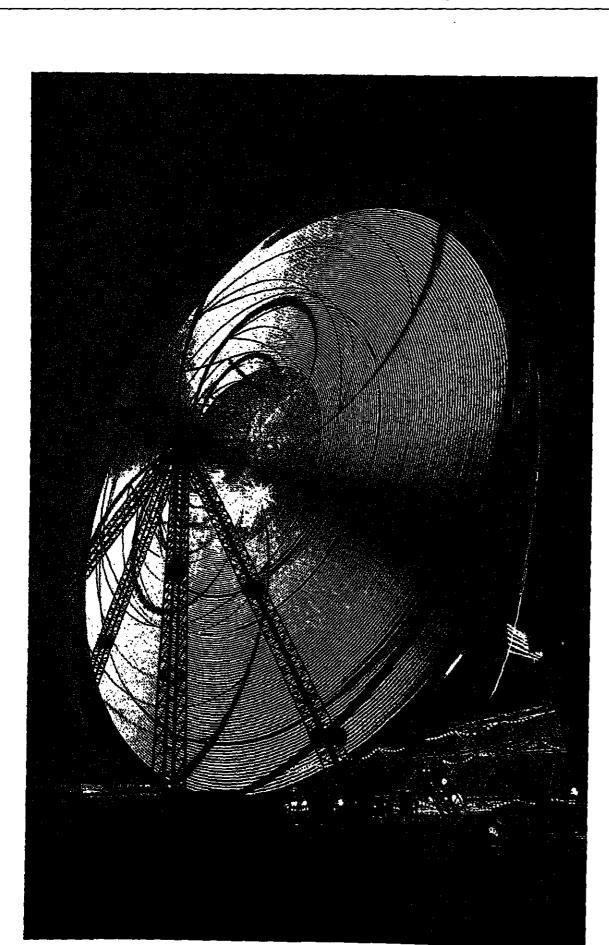
£300m Heathrow express rail link to Paddington station. Work has also been

suspended on parts of the Jubilee Line extension to London Underground where the Austrian method was being used. The suspensions, at London Bridge and Waterloo, are likely to continue at least until the findings are known of the preliminary investigation at

Concrete has been pumped into the collapsed section of the tunnel to stabilise the ground and the office building above it which was being used as project headquarters for the tunnelling. BAA said the area was "95 per cent stable". Most of the multi-storey car park at terminal three, closed on Fri-

day, reopened yesterday. metres dug in The investigation team will and work just be led by Mr David Williams, of the airport.

technical director of BAA, and will involve three groups of consultants, Mott MacDonald. Geoconsult and Ove Arup. "We won't be starting work for another month on the site but work is continuing elsewhere," BAA said. Work at Heathrow started in April. Tunnelling is still in its early stages with 180 metres dug in the central area and work just beginning north of the airport.



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### **MANAGEMENT**

Dominique Damon explains to Ian Rodger her business version of 'explication de texte'

# Animator at work

appointed chief operating offi-cer of Alusuisse-Lonza, the Swiss minium, chemicals and packaging group, bears a striking resem-blance to the great French discipline of "explication de texte".

The idea behind explication de

texte is not to make grand assessments from an overview of a whole novel, play or poem, but to focus on a small, but significant, text, and thereby to achieve a new enlightenment about the whole.

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The 47-year-old Damon, who is French, tries to do just that, travelling nearly constantly to visit the group's subsidiaries in Europe and the US and examine with the managers very specific problems.

On a recent visit to a subsidiary in Basis, for example, she devoted the day to working capital. "What could be more banal, you may say, and it would be banal if I just walked in and looked at the figures and said, 'right, you have to do bet-ter,' and walked out," she explains.

Instead, she sat down with the managers of the subsidiary and probed into the finest details until they all understood what was really wrong and could come up with

ideas for improvements. "I am not interested in them making presentations for me. I want an exchange of ideas at every level,"

t may sound unlikely, but the management approach of Dominique Damon, recently she says. "People are stressed if there are problems, and you can make it worse if you do not help. It make it worse if you do not help. It is not for me to find solutions, but I cannot leave people in anguish."

She uses the French word "animation" to describe her approach -

roughly a combination of motivating and stimulating - and she is convinced that it can conquer most management problems.

She recalled visiting a company in the Netherlands - in pre-Alu-suisse days - where an absenteelsm rate of 16 per cent was destroying

its competitiveness. She was told nothing could be done because that was a national pattern. She refused to accept it, meeting again and again with the managers and employees until ways were found to s it easier for a woman to win

the confidence of employees than for a man? "I don't think so, except in extreme situations." She recalls an occasion at the beginning of her career at the Boussois flat glass company in Paris. A particularly rowdy union was

staging a sit-in and her superiors were so frightened that they sent her in to deal with the leaders. "They were shouting loudly. My only tactic was to talk very quietly. Gradually, things calmed down until only one man was shouting, and I said calmly that either he had



to go or that I would go."

Damon's most noteworthy achievement in her six years at Alusuisse has been to make nine acqui-sitions – including the big Cana-dian Lawson Mardon packaging group early this year - in five years, without a disaster and without losing the companies' top man-

She says she is careful when looking at acquisition candidates to pick those whose natural development has been artificially blocked perhaps by a nervous owner or excessive debt or the lack of critical mass. Then from the day of the purchase, she moves in, sets goals and gets people "animated". Within a week of the takeover of Lawson Mardon, every line executive was given clear targets to achieve.

Damon has a doctorate in experimental psychology but has never been to business school. She reads favourites among the gurus. "They all add something, but they tend to repeat themselves after a few years," she says.

Now that she is chief operating

officer and soon to be group chief executive, should she not be sitting back, contemplating the big picture and leaving the nitty gritty to others? "I hope not," she replies without hesitation. Questions such as whether Alusuisse should have three legs or five, or whether packaging should make up 50 per cent or 75 per cent of the whole in 10 years do not seem to interest her.

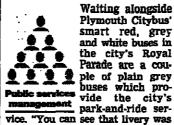
"Of course, we have a very strong strategic team in Zurich that analyses every project and every compa ny's business plan. We use a three-year rolling plan and we have worked very hard on the accuracy any need for a longer-term plan. We know our markets well enough that we should not go wrong."

 East Midland's Eureka scheme. This helped save £22,000. Some £5,000 has been paid out in rewards "Suggestion schemes are vital because they encourage innovation,

involvement and commitment." Richard Donkin

### Competition keeps the wheels rolling

Charles Batchelor continues a series on public services with a look at Plymouth Citybus



smart red, grey and white bu the city's Royal Parade are a couple of plain grey buses which pro-Public services buses which provide the city's park-and-ride service. "You can see that livery ways decided by a committee," says Brian Fisher, managing director of

Citybus, ruefully.

Subsidised by the local authority but operated by Citybus, the parkand-ride fleet does indeed sport a livery chosen by the city council. But the colour of these buses apart, Fisher says he has a relaxed relationship with the town hall, following the hiving-off of its bus operations into a separate company nearly seven years ago. Fisher and his three-man team of

senior managers are widely regarded in the bus industry as running one of the best-managed companies still in municipal ownership. They have improved the frequency and quality of services and converted a public subsidy into a healthy profit.

Before the 1985 Transport Act forced councils to establish sepa-rately managed bus companies, Plymouth City Transport received an annual subsidy of £400,000. Losses continued for the first three vears after separation but the company has since achieved steadily rising profits reaching £1.28m on turnover of £9.6m in 1993.

As well as achieving a healthy profit and loss account, the company improved the quality of services after carrying out a review of fares, service frequency and pas-senger numbers. Minibuses replaced most of the expensive. cumbersome double deckers to provide a faster, more frequent service to outlying housing estates.

Passenger numbers rose, but not sufficiently to meet the nationally negotiated wage levels Plymouth Citybus inherited. An attempt to force down costs by reducing holidays and overtime payments led to a drivers' strike, but after 10 days the strikers backed down and accepted the terms.



While Citybus' vehicles were off the road, Western National, a rival operator, applied to run on its routes. A nine-month bus war ensued before the two companies called a truce.

The bus war was undeniably a setback, but Fisher, who is 48, says it was also a period of rapid learning. He joined the buses at the age of 18 after a brief spell of working for a road haulage company. During his career he has spent time on local government management courses, though most of his experience has been acquired "as I went along. A lot of it is common sense,

balancing income and costs". The financial management of a bus company is certainly helped by its positive cash flow - you don't buy bus tickets on credit. But the strategy adopted by Fisher and his senior managers has several elements. They are:

• To rid buses of their reputation as a downmarket means of transport. Plymouth Citybus has invested heavily in new vehicles and insists on a smart dress code for its drivers.

• To improve the frequency and reliability of its service "so that passengers can throw away the timetable". Many outlying parts of Plymouth now have up to seven

• To tighten management controls. Under the council, accounts took three months to prepare. Now the board receives a weekly report on bus availability, staff sickness. wages costs and the like. Monthly management accounts are available within five working days of the month end.

• To make use of facilities needed to support the bus operations to earn outside revenues. Citybus has successfully bid for maintenance work from the Ministry of Defence, British Rail and Devon County Council. These contracts bring in £700,000 of turnover.

To expand profitable sidelines of the main bus business. It has increased its coach tour activities five-fold since independence and now generates turnover of £1m. To improve relations with staff. Brian Vincent, a driver and the employee representative on the board, confirms a change from the council days when managers appeared intent on distancing themselves from the workforce

Yet discipline has been tightened. Competition from private compa-nies may have provided the spur for municipally owned operators to improve standards - but even so industry observers agree that Plymouth Citybus has achieved a remarkable transformation.

FOR THE SUBMISSION OF DECLARATIONS OF INTEREST FOR THE PURCHASE OF THE ASSETS

OF "ROKA INDUSTRIAL ENTERPRISES S.A." OF ATHENS GREECE

ETHNIKI KEPHALEOU S.A., Administration of Assets and Liabilities, of ETHNIST REPHALEUU S.A., Administration of Assets and Lindhittes, of a Shouleniou Str., Athens, Greece, in its capacity as Liquidator of "ROKA INDUSTRIAL ENTERPRISES S.A.". a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of Section 460 of Law 1892/1990, invites interested parties to submit within twenty

(20) days from the publication of this notice, Non-binding written declaration integest for the purchase of any or both of the groups of assets mentioned below.

BRIEF INFORMATION

The Company was established in 1973 and was in operation until 1993, when it became bankrupt. It was placed under "special liquidation" according to the provisions of article 46a of L. 1892/1990 in September 1994. Its objectives included the establishment &

operation of a cotton gin, the production of fibres (synthetic & natural), the production of finished garments, the marketing of its products & any other products related to natural & synthetic fibres at home & abroad, the representation of Greek & foreign

enterprises and the participation in related enterprises. The Company's head office is in Athens (3 Iktinon Street), while its factory is in

Larissa, at "Grekia" in the region of Koulouri, at the 6th Km of the National Road of Larissa - Thessalozziki. The factory was leased to "INCO GMBH IMPORT-EXPORT", a Munich-based limited liability company, on 23.12.1988 for a period of nine years. It

GROUP OF ASSETS OFFERED FOR SALE

(a) A cotton spinning and weaving mill, consisting of several buildings, of

approximately 16,000 m², standing on a plot of 52,914.12 m² approx., contain machinery mechanical equipment, etc. This is located in Larissa as mention

(b) A plot of land, adjoining the factory plot, the total area of which amounts to apput 2,228m<sup>2</sup>. This is located in the same area as the factory.

SALE PROCEDURE

The sale of the assets of the Contrany will take place by way of Public Auction in accordance with the provisions of Section 4da of Law 1892/1990 as supplemented by srt.14 of L.2000/1991 and art.53 of L.2224/1994 articles and the terms set out in the Invitation to Tender for the highest bid for the purchase of the above assets, to be

SUBMISSION OF DECLARATIONS

OFFERING MEMORANDUM - INFORMATION.

For the submission of Declarations of Interest as well as in order to obtain a copy of the

Offering Memorandum for each of the above groups of assets please contact the Liquidator, "ETHORIS REPHALEOU SA, Administration of Assets and Liabilities, I Skouleniou Str. Athens 105 61, GREECE, Tel. +30-1-323,14.84 - 87 Fax: +30-1

321.97.05 (attention Mrs. Marika Frangakis) or the Liquidator's agent, Mr. Leonida Arhontis, Luwyer, 2 Frizon str., 412-22 Larissa, Tel. +30-41-226.536, Fax +30-41-530.479.

published in the Greek and foreign press on the dates provided by Law.

ises and the participation in related ente

The assets being offered for sale include:

#### ompany suggestion schemes can pay handsome dividends if the arrangements are well packaged and backed by attractive rewards for employees. A study carried out by the Indus-

trial Society\* found that companies which have taken dusty suggestions boxes down from the walls and revamped their schemes are benefiting from a stream of new ideas.

The society has produced an information pack for employers which includes guidance and exam-ples of successful schemes from 12 organisations. Some of the more could be recycled saved the group

### Open to suggestion

• Land Rover's relaunched scheme. This reaped suggestions worth £2m in its first year. One suggestion that less fuel should be put in the tanks to drive cars from

employee who suggested it.

more than £100,000 a year. The staff member who made the suggestion received £5,000.

Another £5.000 was awarded to a woman who suggested an alternative printing process to replace the the production line saved £25,000 a need to laminate the covers of car year and earned £5,000 for the handbooks. That saved £30,000 a

Midland Bank's Bright Ideas scheme. Subsequent proposals saved more than £250,000.

quality and cost savings," says the Industrial Society's Georgina Tate. "Good schemes promote employee

\*The suggestions scheme informa-tion pack is available, price £35, from the Industrial Society information service. Tel 071 262 2401.

### **PEOPLE**

### De Villiers: the man to decide whether Disney will beam up

Company in the UK, has been promoted to the newly-created post of president, international television for Walt Disney Television and Telecommunica-

De Villiers, a qualified civil engineer and Rhodes scholar who was once responsible for running South Africa's largest cinema chain, is at the moment mainly in charge of international sales, marketing and distribution of Disney programming to broadcasters.

The job at the head of the newly created division will involve responsibility for tele-vision production and a number of international television

Etienne de Villiers, managing as separate entities, such as director of The Walt Disney pay-TV, satellite television and

One of the important tasks of the new division will be to concentrate on the establishment of Disney family channels throughout Europe and in other parts of the world.

In August, Disney announced its first significant new media investment in Europe – a plan to launch a German satellite television channel in January in partnership with CLT, the Luxembourg-based international broadcaster. It was made clear at the time that the deal could be a model for other satellite channels based on family

entertainment

Christmas whether or not to launch a Disney-backed satellite channel in the UK. "We have finished the qualitative research and are now working on the quantitative research," said de Villiers, who first joined Disney in 1988 as president of Buena Vista International, the main programme

that he hoped to decide by

sales arm. The company wants to try to establish how many people would watch and what they would nev for a Disney channel on satellite and cable. Apart from deciding whether or not to go ahead, de Villiers is also considering whether such a UK channel should be launched by Disney alone or with partners.

De Villiers said yesterday

### Departures

Robert Maxted is on the lookout for a new company following his decision to step down from the board of Pillar. the property investment company he built during the early 1990s and which was floated

earlier this year. Maxted's departure follows the arrival in the summer of Raymond Mould and Patrick Vaughan, the high-profile duo who led the buy-out of Arlington Securities from British Aerospace in 1989 and who are now chairman and chief execu-

tive of Pillar. Maxted stepped aside to become property director, but having been in the chief executive's shoes since the company's formation in 1991 found the new role too constricting. Maxted has a long history in the property business. In 1987 he sold his private company Mount Row to Speyhawk, the

developer which went into receivership last May. However, he left Speyhawk three years before its collapse and set up Pillar, which was

originally conceived as a vul-ture fund picking up institutional-quality assets as the property market crumbled. "I'm looking for another vehicle, preferably in the public sector," comments Maxted.
"I want to be more of my own

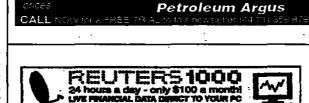
■ Andrew Cracknell, who was appointed worldwide executive creative director of the Saatchi & Saatchi-owned Bates (formerly BSB) advertising agency network less than a year ago, has left the company. Bates says Cracknell, 48, had left "due to an as yet unresolved contractual dispute".

Cracknell has been part of the New York-based team, headed by Michael Bungey. chief executive, which has been attempting to inject new life into the flagging US part of the network. Bungey says he views Cracknell's departure, after seven years with the agency, with "deep regret".

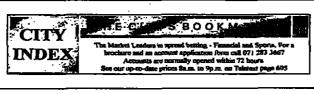
■ Graham Peters has left GRASEBY to set up his own consultancy. ■ John Dawson, technical

director of YORKSHIRE CHEMICALS, has retired for health reasons. ■ Gordon Harman, finance

director of EUROCAMP who helped steer the company through its flotation in 1991, has announced that he will retire next year, when he will



Weekly Petroleum Argus

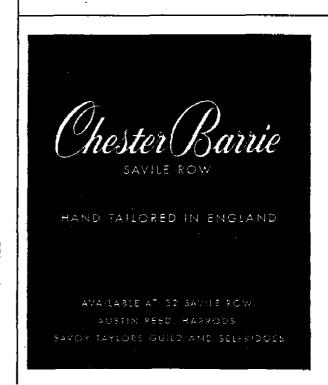


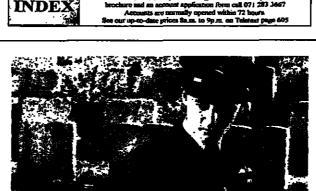


when the screaming and the nightmeres get too bad, we take him into one of our homes for treatment and to give his family a little respite.

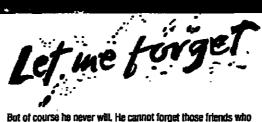
personalities have been damaged by wartime stress. We look after nearly 4,000 of them, and there are many more who need our help. This is an appeal to you for help, for help to go on doing what we are doing, for help to do even more. Please. A cheque, or











flew with him, who fought with him and who sometimes died in the aircraft beside him. This man who cannot torget will never be gulte the same again, will never be the same as other people. Sometimes There are thousands of people from all three Services whose whole

a legacy should you be able to be that generous.

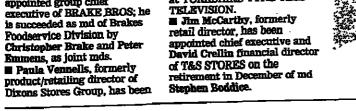
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#### businesses previously managed ■ Peter Phillipson, commercial director of FIRST CHOICE HOLIDAYS, formerly Owners Abroad, has been appointed to the board. Julian Masters has been promoted to sales and marketing director of the EIS Frank Brake has been appointed group chief executive of BRAKE BROS; he is succeeded as md of Brakes

ppointed marketing director of PIZZA HUT (UK). ■ Ken Vowles (right), md of SCOTTISHPOWER's generation wholesale division, has been appointed to the main Tony Brill, director of personnel, has been promoted

to group director of resources at YORKSHIRE-TYNE TEES TELEVISION. Jim McCarthy, formerly retail director, has been of T&S STORES on the Stephen Boddice.



### Campbell shows his colours at Courtaulds

Gordon Campbell, 48, who has been running Courtaulds' fibres and chemicals business, has been appointed deputy chief executive (operations) and made responsible for the group's three main businesses. The directors responsible for these areas will, in future, report to him.

Since the demerger in 1990, Courtaulds has reorganised its business from five divisions into three and Campbell's promotion is one of several changes as the international chemicals group completes the reorganisation of its management structure which began in

Under the old regime, executives had been responsible for various parts of the world as well as various products. Under the new structure

responsibilities for operations and development are being sep-arated with a deputy chief executive responsible for each, and with geographic and business lines clarified.

Eryl Morris, 51, who was responsible for coating and the Far Rast until earlier this year, has been appointed deputy chief executive (development) with responsibility for corporate development, planning and research. His brief includes responsibilities for all regions with opportunities for expansion – Far East, East

Europe and Latin America.

Neville Petersen, 54, who had been chief executive of Courtaulds' European coatings business, becomes responsible for the group's worldwide coatings operations and will have reporting to him the chief exec-

utives of the various overseas coatings businesses. David Wilkinson, 55, who

joined Courtaulds in 1961, has been put in charge of the fibres business and will join the main Courtaulds board at the start of next year. Courtaulds has also made

several changes to its senior management team below board level. Peter Fearn takes over as chief executive of the European coatings business next April and Bill McPherson is moving to Singapore to be chief executive of the Asia Pacific coatings business.

Peter Rodgers is appointed chief executive of Courtaulds Chemicals from January 1 and will report to Gordon Camp-bell Colin Welford is to take over as chief executive of Producers are hoping to tap a growing market for natural fibres, writes Alison Maitland

# High hopes for hemp

o the untrained eye they look like bales of straw. But the bundles of long, greyish fibre drying in the late autumn sunshine on 40 farms across southunusually high degree of

The fibre is hemp, part of the cannabis family, a centuriesold crop which is making a comeback in Europe and the US as an ecologically friendly raw material for clothing and

The association with the dope-smoking 1970s meant that not only farmers' hopes for the crop were riding high when the first commercial plants appeared in the UK last year. But the youngsters who raided a field and filled dustbin bags with plant tops were disap-pointed. "This is a low narcotic variety." explains lan Low, a director of Hemoore, the UK's only hemp merchant. "You'd have to smoke 50 acres to get

Hemcore, set up 18 months ago by an Essex farmer and a group of agricultural merchants, persuaded the Home Office to license its first 1,500 acres of hemp last year. It hopes this will give it a lead in the growing market for natural fibres - particularly in the US and Germany. Neither country permits domestic production because of the association with

drugs. Yet hemp's roots go back to

the Middle Ages, when it was grown widely in East Anglia. It was used in Europe for ropes, sails and sacking until early this century, when it was ousted by imported cotton and

Hemcore is hoping to turn the wheel full circle, reaping capital from the fact that the first jeans were made of hemp in early 19th-century America. It has contacted Levi Strauss. the leading US jeans manufac-turer, which is "very interested" in the fibre, says Low.

He admits Hemcore has some way to go in developing the technology to make hemp soft and stretchy. It is collaborating with flax processors in Northern Ireland on refining the coarse fibres.

nome textile agreements are already under way, however. Esprit. an international fashion business based in San Francisco, plans to launch bags, jackets, shirts and skirts made of hemp and hemp-and-wool mixtures next year as part of its "Ecollection". One of its suppliers is Evergreen, a Yorkshire textile company which buys its hemp from Hemcore.

"Hemp fits in with our environmental objectives," says Lynda Grose, research director for the Ecollection. "It is grown with minimal watering and no pesticides and herbicides. It is also very durable." The crop, planted in late

spring, surges to about 10ft in the soil has to be prepared with fertiliser because hemo takes up a lot of nutrients. But no chemical sprays are needed as the plants are hardy and grow quickly enough to out-

smart weeds. The powerful roots break up the soil, leaving it fertile for the next crop. Experience in east Europe, where hemp was an important industrial crop before the break-up of the Soviet Union, suggests that yields of wheat grown in fields where hemp has previously been cultivated are 0.7 tonnes a hectare higher than those achieved following any other rotational crop. Hemp roots are also rapidly biodegradable, making ploughing easy.

The revival of interest in fibre crops in the European Union springs both from grow-ing consumer demand for "natural" clothes and from farm policy reforms. In France, Italy and Spain, hemp survived the onslaught of imported fibres earlier this century and continued to be grown for paper pulp

But the introduction two years ago of set-aside, the policy which obliges EU farmers to take land out of food production, has boosted the search for new markets for industrial crops such as hemp.

The European Commission provides generous subsidies of £245 an acre for fibre crops and



exempts such crops from set-aside rules. Cereal farmers who grow flax or hemp can thus reduce the overall amount of land they have to leave idle. If "green" textiles look like being the most immediately lucrative market for hemp,

paper-making is likely to absorb the biggest volumes. The long fibres are particularly suited to thin or open-textured paper, such as cigarette paper, teabags or coffee filters. They can also be used to strengthen recycled paper. A Fl 10m (£3.7m) four-year

project funded by the Dutch government recently concluded that hemp was an economically viable crop for making anything from bank notes

A novel mechanical process ing technique developed by the Dutch Land Organisation, which carried out the research, is attracting interest from paper producers in Australia, New Zealand, Canada, Sweden

Thea van Kemenade, project co-ordinator, said hemp could also be used for building materials and as a reinforcing agent in plastic car components. I would expect hemp to make a big comeback," she said.

Earlier this month, the UK government announced a £100,000 three-year grant to develop new markets for natural fibres such as hemp and

Silsoe, the governmentfunded agricultural research station, has developed a machine to strip the bark off the stem and extract the fibre from these crops. Its aim is to enable individual farms to process their own hemp into crude fibre, which could then be

turned into padding and stuff-

ing for the furniture industry. "If we can make full use of all the material from the plant, it will be in the top league,' said Harry Gilbertson, natural-

Hemcore itself is investiga ting uses for other parts of the plant such as the seeds, whose oil is suitable for cosmetics. "If we look into the next century, I think it will be very

big." says Low. "There could be tens or hundreds of thou sands of hectares of hemp." But when vision threatens to overcome reality, Low points out that one of the company's

best markets today is decidedly

down-to-earth Hemp, being highly absorbent, is increasingly popular in Germany and Britain as bed-

### A rumbling in the waterworks

Jane Martinson on attracting tourists to a sewage plant

anagers of a sewage treatment plant in south-east Australia are considering plans to turn it

into a tourist attraction. The 10,851 ha plant - which produces more beef than any per cent of the wastewater generated by the city of Melbourne. Natural purification methods rather than chemical treatment are used to produce effluent, which is deposited in Port Phillip Bay. Some 16,000 cattle graze the grass fertilised by raw sewage; livestock generated just over A\$3m (£1.4m)

in income last year.

Much of the sewage is treated in lagoons, which cover 1,667 ha at the Werribee site, 35 km south-west of Melbourne. Three large lagoons built in the past six years have been igned to control odour and produce biogas. Mechanical aerators speed up the process of digestion and reduce odour, while covers are being installed to capture methane and other odorous gases. The methane will eventually be

burnt off to generate power. The plan to create an "ecotourist park" focuses on 600 ha of older lagoons. Over 250 species of birds are found around them. Many rare species have been recorded, including up to 50 per cent of the world's total of the orange-bellied parrot.

The area is listed by the International Union for the Conservation of Nature as a wetland of international impor-

A study conducted this summer by Melbourne Parks and Waterways claimed the sewage plant could attract up to 160,000 tourists a year if developed as an eco-tourist park. The organisation manages a funding programme which aims to encourage community use of open spaces and the preservation of wildlife. Last

year it allocated A\$6.2m to

Melbourne Water, the state-owned authority which manages Werribee, says there is definite commercial potential there" and has commissioned a full economic analysis of the

There are a number of advantages to the plan, not least enhanced public relations. Melbourne's sewers. with their network of old brick tunnels, suffered three serious collapses two years ago. Sewage spilled into a local river and it took more than three months to stem the flow.

More recently the Environmental Protection Agency, the government watchdog, has decreed that checks on effluent discharges into Port Phillip Bay are to be made much more stringent by 2004. Melbourne Water has committed itself to complying with the regulations by 1997. It has also earmarked A\$32m for upgrading its two major treatment plants

The impact on wildlife of a significant increase in visitor numbers is causing some concern, however. Alex Sandles. the wastewater treatment manager at Werribee, says birds are attracted by the food, security and calm of the plant. "The lakes near here tend to be full of waterskiers and other

The plan has some support among environment groups. Karri Giles, water catchment manager for Friends of the Earth in Australia, says: "We are positive as long as it is

However, the proposal may be delayed by the shake-up planned for Melbourne Water by a state government keen on privatisation. It was to appear before the authority's board in

Nonetheless, Sandles feels the plan will be implemented. Werribee treatment plant could become part of a "complete weekend package" for Melbourne's tourists, he says.

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### Mahogany controls loom

ne of Europe's biggest woods is dacking Dutch government initiative to control the trade in Brazilian mahogany under a United

Nations convention. Timbmet, of Oxford, has surprised environmentalists by going against its trade association and supporting a proposal to declare officially that Brazilian mahogany is an endan-

gered species.
The UK is the second biggest consumer of the wood, importing about 35 per cent of Brazil's production. Forty per cent goes to the US. The Worldwide Fund for Nature (WWF) says the trees, which grow slowly. are on the verge of extinction.

importers of hard- become a thing of the past if trade is banned, such as ivory, de trade contin logs at present volumes in the way that it does," says Francis Sullivan, forestry conservation officer at WWF UK.

Daniel Kemp, chairman of Timbmet, says the proposed listing will not hamper trade. "But we feel there will be more control and in the long term that will be good for business."
The Dutch government will propose the listing at next month's meeting of the Convention on the International

Trade in Endangered Species (Cites) in Florida. Cites has a two-tier list of endangered species. Appendix I includes those which are virtu-

"Brazilian mahogany will ally extinct and in which all rosewood. Species listed on Appendix II can be traded but under restrictions. If the Dutch succeed and Brazilian mahogany joins this list, it would compel the Brazilian government to ensure that the trade does not harm the species. Importers would have to obtain

export permits from Brazil. The UK Timber Trade Federation is against a listing. It says there is not enough scientific evidence to justify it and Brazil does not support the initiative. Timbmet remains a member of the federation.

Peter Knight

The fligh Like a godsend, Rap	ht from Hong Kong was exhausting. Phael showed up with the perfect cure for jet lag.
	oas it the butler at The St. Regis?
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TH AVENUE AT STITL STREET, NEW	A AOUST AND A MOUNT AND ALL AND

ot many months suggested in this column that Between The Lines on BBC1 might be the best police series to appear on British television since Z Cars. How quickly things change. Today, Between The Lines is not only not the best police series, it is not even second best: ITV's Cracker is clearly superior, and even The

Bill, also on ITV, is better. That "even" is probably not quite fair, since The Bill has always been excellent, but as a half-hour programme with three episodes a week you would not normally expect it to bear comparison with a series such as Between The Lines which is made in limited runs, on bigger budgets, with

episodes lasting 55 minutes. Yet *The Bill* is, at present (excluding its 10th-anniversary double-length special which, as so often in these cases, was an inferior episode) doing considerably better than Between The Lines. Whatever happened?
It is probable that Between

The Lines was not planned from the outset as a long-running series in the way that, say, The Sweeney was, but when the first batch was so well received it must have seemed almost imperative to make more. The BBC is not so flush with good middlebrow drama that it can afford to ignore a success like that.

Television/Christopher Dunkley

### Reflections on the sleaze factor

was decided for this new series to remove the central characters from the police corruption squad in which they had been working and bring them out into the private sector. This has proved disastrous. Previously we had tight, intricate plots which cleverly explored the way in which bureaucracies operate and also vividiy illustrated the "sleaze factor that has become such a feature of British public life.

Now the scripts have become slack, banal and familiar. Tony Clark takes a job in, for instance, Tunisia, so that we get expenses-paid foreign trips just like all those other series, or he takes a job in hotel security and, ho hum, there is the statutory chase through a busy kitchen. How are the mighty

At the peak of its achieve ment Between The Lines had a modicum of home-life interest which added a lot to the formula because Mo (Siobhan Redmond) proved to be a lesbian, Tony (Neil Pearson) suf-fered from something approaching satyriasis, and Harry (Tom Georgeson, who so often steals these programmes with his fag-puffing sergeant)



The team from The Bill make an arrest: dealing with changes in public morality

went home to a wife who was dying. None of this affected the meat of the scripts, until Tony's great affair with the

being used in what looks like an attempt to make up for lack of interest in the job, and it

trally interested in the private lives of its characters - think of Juliet Bravo. But it is best to Francesca Annis character, and since she was in government security that was legiti-

about a murdered colleague, Sergeant John Watt, talking to Inspector Charlie Barlow about the likelihood of the killer being suitably punished, referred bitterly to the police psychiatrist as a "trick cyclist". Three decades later the trick cyclist has become the hero, albeit a deeply flawed hero, of the latest police series. Here home life is just as

important to the scripts as police work, sometimes more so. Furthermore, it is the relaships and conversation the private life of our hero, Fitz, so splendidly embodied by Robbie Coltrane, which provide much of the entertain-

Fitz is a rogue and a bastard, but a witty rogue and a cun-ning bastard. It is impossible not to laugh when you watch him in next Monday's episode, in front of the bathroom mirror, rehearsing the argument he will use on his poor wife, Judith (Barbara Flynn, appealing and fanciable as ever), then promptly going downstairs and repeating it word for word, even though you recognise tive he is being

In Britain in 1994 television police series serve much the same function as cinema westerns did in the US in the 1940s and 1950s. Though popular because they offer the audience such a familiar formula, they allow within that formula immense scope for writers and directors to deal with almost

anything they wish.
As with westerns, police series can reflect changes in the nation's perception of its

The formula allows immense scope for writers and directors to deal with almost anything they wish

own image. In The Bill last week there was a startlingly grim and honest admission from a high-ranking officer: "The war on drugs is already lost...all we can do is go on pushing people through the revolving doors..."

Above all, series of this kind provide a place for dealing with changes in public morality in a way that many viewers it up?

than that found in so many current affairs progran

Unsurprisingly, British tele-vision is not alone in this. NYPD Blue on Channel 4 proves that much the same thing happens in the US and Le Cop II on BBC2 last week gave an idea of what you might see in France. If we accept that these productions provide more or less accurate reflections of the mores in the countries concerned, the eyeopening fact is that Britain, for all its supposed moral turpitude, is not as far down the road as those other countries.

Both productions highlighted a relativism which is frightening for anyone who believes law is the foundation of any civilised society. In these dramas the police are better than

the bad guys, but only just. In *Lc Cop II* the rascally old pair of buddies in the Montmartre district are presented as superior to their go-getting modern replacements because they take smaller kickbacks. In NYPD Blue you would often have difficulty slipping a razor blade between the morals of the police and those of the

It is scant comfort, perhaps but judging from these police dramas, Britain has not yet as some other countries...or are we just better at covering

Theatre/Alastair Macaulay

### Gruesome Gaucho draws a gasp

ne of the two most remarkable features of Dong Lucie's new play, Gaucho, is the role of the protagonist, Declan Moss. A working-class Englishman, 40 this year, educated at Oxford, he has become the world's pre-eminent drug baron, is reputed to have given money to the IRA, and currently lives safely on a little island in the

And yet money is not his goal. He is a perpetual outsider, a Utopian, who attacks middle-class values and "the system" and who hopes for the day when a new generation will reorder society. When attacked about the damage done by drugs, he replies that "drugs are a symp-tom, not the cause", and he takes them plentifully himself. They are part of his entry into an alternative system, and into his greatest goal:

must exist within and around such a character, and Lucie's play investigates a number of them. During the play, he and his beautiful Romanian wife Yana are joined in their idville island retreat by three of his old Oxford cronies - one of whom. Stephanie, is a journalist, accompanied by her photographer,

They help, by accident and by design, to pose questions about their host. How serious can Decian's Utopianism really be? Are his exploitations really less selfish or less cruel than those of the sys-

tem he loathes? Questions, however, arise about the rest of them too. How come they, unlike Declan, are so hooked on Oxford nostalgia? They are far from exemplary themselves, and indeed Lucie loads the dice rather too heavily against two of them. Stephanie is a selfish money-worried middle-class Tory voter; another of the cronies, Spencer, is a failed Tory candidate (among his other failures); and both are alcoholics. Tories are always easy targets for a good joke and a good hate, and it is not hard for Declan

In the first scene, before the others arrive, we understand that Yana sometimes chains him as part of love-making. "One day," she tells him, "you will find yourself chained up and I won't be there any more." At the time it seems she means she might simply chain and abandon him. But, as the play develops, other interpretations emerge. Yet - skilful of Lucie - we do not realise how her words prepare us for the play's end.

It is also soon apparent that their idyll is threatened. And first one, then another, of their visitors proves duplicitous. (Lucie never really convinces us, actually, that Declan - who insists that he trusts - would invite this questionable bunch of ex-chums to his island.) This leads to the other extraordinary feature of the play minute gunpoint climaxes that make me thrash around in my seat in terror, Declan and Yana punish the first traitor by means so original and grotesque that the audi-

ucie directs, and Tim McInnerny is excellent as Declan, acatching both violence and calm, rebellion and idealism, cynicism and sexuality, plus a hint of the trapped animal.

Only one of his big speeches sounds like the set piece it is, amid a performance that is otherwise a model of complex, assured natural-

In the performances of the five actors who support him (Julia Lane, Phyllis Logan, Dominic Jeph-cott, Kate Fahy, Grant Masters) it is slightly easier to be reminded of the theatrical artifice of the whole set-up. But the play is full of suspense. Even when you guess what may happen next - there are clues to prepare you for Act One's gruee climax – you want to see how it will happen.

At the Hampstead Theatre, NW3.

Opera/Richard Fairman

### Semi-comic King Kong takes powerful grip

t is as though an ancient Greek tragedian has completed his tril-ogy and is turning his hand to lighter things. Harrison Birtwistle who dealt so massively with myth and ritual in The Mask of Orpheus and Gavain, has returned to cast a wry backward glance over similar material for his new semi-comic

A year ago it looked as if *The Second Mrs Kong* might not reach the stage as intended. The Arts Council had singled out Glyndebourne Touring Opera to lose its subsidy, but after much argument the company won a reprieve - an outcome which is starting to look as much of a ritual as anything in Birtwistle's operas. This autumn's GTO tour includes revivals of Yevgeny Onegin and Il barbiere di Sivig-lia, with this Birtwistle premiere in pride of place.

The idea of King Kong came from the opera's librettist, Russell Hoban. He had always loved the film and found that the composer aged souls meeting in the world of shadows, each choosing characters according to his own partiality. Hoban was obsessed by Vermeer's "Girl with a Pearl Earring". Birtwistle - true to form - wanted Orpheus and Eurydice. Goebbels was going to put in an appearance at one point, but then they decided against it. Other sundry dead souls include a Texan film producer and an Indian spiritualist.

There is no logic to the story. Characters from different times and places are thrown together, merely because their creators want to amuse themselves seeing what might happen. The girl with the pearl earning from Vermeer's portrait is soon reclining in a 21st-century living-room, zapping the channals on her wall-sized television, watching repeats of old films like Brief Encounter, a British Rail documentary and – yes – King Kong.

At first it seems that Birtwistle, ongue in cheek, is going to parody himself. (The scene of the shooting. repeated over and over, satirizes the ritualistic repetitions of The Mask of Orpheus.) Then the tone falters. Dense mists of sound build up in



Dehorah York in Harrison Birtwistle's 'The Second Mrs Kong': the music finds its sense of direction in the second act

the orchestra, submerging any sharpness of mind and obscuring the words, despite the authoritative presence of Elgar Howarth in the pit. A scene involving a computer search for King Kong is overlong and woefully heavy-handed. A fight scene sinks to the weakest knockabout humour.

By the interval it looks as though the opera is lost, but come the second act, composer and librettist unexpectedly nail the right style mythic pretension played up one moment, brought down to earth with a comic bump the next. Setting

out in search of the girl with the pearl, Kong and Orpheus encounter first a sphinx with a sharp ear for one-liners and then a character called the Death of Kong, leading to a superhuman struggle of ideas where the issues slug it out on stage. All this is more entertaining. It helps, crucially, that now the words can be heard. Philip Lan-

gridge is clarity itself as Kong, a bizarre addition to his gallery of operatic portrayals. Nuala Willis is amusingly dead-pan as the Sphinx. Michael Chance sings beautifully as the counter-tenor Orpheus, espe-

cially after he has been beheaded (shades of Gawain). Helen Field reaches tirelessly for the top notes as Vermeer's Pearl Among some magical sights in Tom Cairns' production are two haunting scenes in which Anubis rows the souls back and forth across the waters of the underworld.

Above all, the music finds its sense of direction in the second act. Birtwistle shapes the act in a single arc, starting Ring-like from a few ideas swirling in deep soundwaves, through the comedy of the central scenes, to a peroration of primeval

power underpinning what I take to be the opera's serious message: that ideas live on, even though people may die. Like so many new operas, it asks to be seen half a dozen times, but its very complexity means it is unlikely to get the chance. That is the tragic irony of the modern opera composer.

Sponsored by The Baring Founda-tion and the John S Cohen Foundation. GTO at Glyndebourne until October 29, then on tour to Oxford, Norwich, Plymouth, Woking and



#### **■ BONN**

Oper Tonight: Eve Queier conducts Yuri Lyubimov's production of Jenufa. Fri, next Tues and Sat: Steven Mercurio conducts Jürgen Rose's new production of La traviata, with cast headed by Marisa Vitali, Michael Rees Davis and Thomas Mohr. Sat: Dreyfus, dance drama by George Whyte and Valery Panov, with music by Schnittke. Sun: revival of Glan-Carlo Del Monaco's production of La fanciulla del West, starting Giuseppe Giacomini. Mon: Nicolai Gedda song recital (0228-773667)

#### DRESDEN

Semperoper Tomorrow, Sun, Tues: Harry Kupfer's production of Handel's Belshazzar, Fri, Mon: Die Zauberflöte. Sat: La Cenerentola (0351-484 2323) Kulturpalast Sat, Sun: Michel Plasson conducts Dresden Philharmonic Orchestra in works by Magnard, Beethoven and Franck, with piano soloist Bruno

Leonardo Gelber (0351-486 6666)

#### BORDEAUX

Paleis des Sports Tonight, tomorrow: Sergiu Commissiona conducts Orchestre National Bordeaux Aquitaine in Brahms' First Piano Concerto (Grigory Sokolov) and Rimsky-Korsakov's Sheherazade. Sun afternoon (at Grand-Théâtre): Alain Lombard conducts works by Mozart and Schubert (5648 5854)

#### **■ COLOGNE**

Philharmonie Tonight: Thomas Hengelbrock conducts Freiburg Baroque Orchestra in three of Bach's Brandenburg Concertos, plus music by Vivaldi. Tomorrow: Yevgeny Svetlanov conducts Russian State Symphony Orchestra in works by Tchaikovsky and Rakhmaninov. Fri: Kurt Sanderling conducts Cologne Radio Symphony Orchestra in Beethoven. Shostakovich and Brahms, with cellist Lynn Harrell. Sat: Elena Bashkirova and friends play chamber music by Bartok, Brahms and Hindemith. Mon: Odessa Philharmonic Orchestra, with cellist Matt Halmovitz (0221-2801) Opernhaus Tonight: Handel's Agrippina. Fri: Edda Moser song recital. Sat: Peer Gynt choreographed by Jochen Ulrich. Next Tues: Lortzing's Der Wildschütz. Next Wed: first night of new production of Lulu (0221-221

Schauspielhaus Tonight: revival of

Gunter Krämer's radical production

of Fiddler on the Roof (Anatevka). Repertory also includes Camus' Caligula, Brecht's The Good Person of Sechuan and (at Halle Kalk) Shakespeare's King Lear (0221-221

#### **■ FRANKFURT**

Oper Tonight: Die Walküre. Frit Siegfried. Sun: Götterdämmerung. These are the final instalments of the Frankfurt Opera's Ring production, conducted by Sylvain Cambreling and staged by Herbert Wernicke, with a cast headed by Janis Martin, Harald Stamm and William Cochran

Alte Oper Tonight: Yevgeny Svetlanov conducts Russian State Symphony Orchestra in works by Tchalkovsky and Mahler. Tomorrow: extracts from operas and operettas sung by Melanie Holliday, Angela Maria Blast and Robert Gambill. Sun: Randy Newman. Mon: Justus Frantz directs Middle German Radio Symphony Orchestra in Beethoven and Tchalkovsky (069-134 0400) Jahrhunderthalle Hoechst Tomorrow: Milva. Fri. Barry Manilow. Mon: Irish folk festival (069-360

#### **■ GOTHENBURG**

Operan The new opera house has opened with Blomdahl's 1959 opera Aniara (tonight, Sat) and Robert North's production of Prokofiev's ballet Romeo and Juliet (Fri). The next premieres are Le nozze di Figure on Sun and Robert North's ballet Living in America (music by Copland), opening

#### next Tues (031-131300)

### ■ HAMBURG

Tues, Wed and Sat: John Neumeier's ballet Die Kameliendame, set to music by Chopin. Tomorrow: Roberto Abbado conducts Andreas Homoki's new production of Rigoletto, with cast neaded by Franz Grundheber, Mario Giordani and Hellen Kwon. Sun, next Thurs: Die Walkure with Simon Estes, Robert Schunk, Kurt Moll, Linda Plech, Sabine Hass and Marjana Lipovsek (040-351721) Musikhalle Tomorrow: Irish folk festival. Frt: Giuseppe Sinopoli conducts Dresden Staatskap Sat: Randy Newman (040-354414)

Staatsoper Tonight, Frl, Sat, next

#### ■ HELSINKI

Finnish National Opera A new production of the Nureyev staging of Nutcracker opens on Fri. Repertory also includes La boheme, Otello and Lorenzo Ferrero's 1981 opera La figlia del mago (0-4030 2211)

#### **■ LYON**

Opéra Sun: Kent Nagano conducts Louis Erio's new production of Berlioz's La Damnation de Faust, with Susan Graham, Thomas Moser and José van Dam (repeated Nov 2, 5 and 8). Next Mon: Itzhak Perlman violin recital (tel 7200 4545 fax 7200

### ■ MUNICH

Staatsoper Tonight, Sun: Dvorak's Dimitrij, with Kenneth Gameon and Livia Aghova. Tomorrow: Nabucco

#### Varady. Fri: Robert Tear song recital. Sat: American ballet programme. Next Mon: Colin Davis conducts first night of Nicholas Hytner's new production of Don Giovanni, with cast headed by William Shimell, Peter Seiffert, Matti Saiminen, Lucio

with Renato Bruson and Julia

Gallo, Sheri Greenwald and Alison Hagley. Repeated Nov 3, 5, 9, 11, 13 (089-221316) steig Tonight: Jesus Lopez Cobos conducts Lausanne Chamber Orchestra in a Beethoven programme, with piano soloist Anatol Ugorski. Tomorrow, Frl: Kurt Masur conducts Lelpzig Gewandhaus Orchestra in two programmes, including works by Mahler, Mendelssohn, Strauss and Musorgsky/Ravel. Sat: Muhal Tang conducts Royal Flanders Philharmonic in Mozart, Bruch and Berlioz, with violin soloist Uto Ughl. Sun: Gershwin and Bernstein programme, with vocal soloists

Herkulessaal der Residenz Fri: Georg Schmöhe conducts Baverlan Radio Symphony Orchestra in a programme of contemporary music. Sun: Maurizio Pollini plays Beethoven piano sonatas

(089-4809 8614)

#### SAINT-ETIENNE

Saint-Etienne is staging its third Massenet Festival from Nov 4 to 13. This biennial event, almed at honouring the city's most famous son, focuses on some of the composer's lesser-known works. This year's highlight is a staging of Panurge, a Rabelais-inspired operatic comedy first performed in

#### 1913, a year after Massenet died. There will also be concert performances of Le Cid, a song recital by French baritone Dictier Henry and a concert featuring young French vocal soloists. The artis director is Patrick Fournillier (7741

#### ■ OSLO

Konserthus Tomorrow, Fri: Günther Herbig conducts Oslo Philhermonic Orchestra in Mozart's Piano Concerto No 14 (Ronald Brautigam) and Bruckner's Third Symphony

#### **■ STOCKHOLM**

Royal Opera Tonight: Aida, Tomorrow: Tosca. Fri and Sat: opening performances of Yevgeny Poliakov's new staging of Minkus' ballet Don Quixote. Mon: La boheme (tickets 08-248240 information 08-203515) Konserthuset Tomorrow, Sat

afternoon: Niklas Willen conducts Royal Stockholm Philharmonic Orchestra in works by Eklund, Saint-Saens and Beethoven, with cello soloist Frans Helmerson tickets 08-102110 information 08-212520)

#### **■ STUTTGART**

Staatstheater Tonight, Sun: Shostakovich's Lady Macbeth of Mtsensk, with Kathryn Harries as Katerina. Tomorrow: Monteverdi's Ulisse. Fri, Sat, next Wed; John Cranko's ballet Onegin. Tues: Cosi fan tutte (0711-221795)

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### Ian Davidson

The frenzied struggle between rival right-wing politicians France, ahead presidential election, has now reached a pitch of ferocity that would be hilarious if it

were not so murderous. Mr Jacques Chirac, leader of the RPR Gaullist party, is desperately trying to shove himself ahead of Mr Edouard Balladur, the Gaullist prime minister; Mr Balladur is equally desperately trying to former President Valèry Giscard d'Estaing, leader of the centre-right UDF grouping, is trying to out-manoeuvre both

None of these rivals is yet an official candidate. But the struggle has gone so far between the two Gaullists, that their benchmen are already rounding up rival supporters among the Gaullists in the National Assembly, In one camp are those who support Mr Chirac because as leader of the party, he has a legitimate claim on the candidacy; in the other are those who support Mr Balladur because they think he has a better chance of

Last week Mr Balladur invited Mr Chirac and Mr Giscard d'Estaing to meet him at the prime minister's office. His declared object was to negotiate an end to mutual back-biting; but his purpose was also to assert his political ascen-dancy as leader of the govern-

Of course, his invitation was turned down. Mr Giscard d'Estaing issued a chilling communiqué: he would think about it. Mr Chirac tried to turn the tables, by issuing a counter-invitation of his own, calling on Mr Balladur to pay him a visit in his capacity as party leader. Mr Balladur studiously ignored this invitation.

The confrontation recalls a medieval face-off between king and pope. with Mr Balladur representing the temporal power, and Mr Chirac the spiritual. It is the peculiar consequence of a political and a party system which does not have a recognised method of choosing between rival presidential candidates.

President François Mitterrand said last week that he is "interested" than amused" by the back-stabbing

being destroyed at

the rate of thousands of

trees a minute, how can planting

just a handful of seedlings make a difference?

that can force them to chop down trees.

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harvested within five or six years of planting.

do with the people of the tropical forests.

growing vegetable and grain crops.

nursery addresses some of the problems facing people

### French blood sport

Mitterrand must be amused by the conservatives' back-stabbing

on the right. One must assume that advancing age has robbed him of what used to be a mordant sense of humour. It is only 18 months since the forces of the right inflicted a crushing defeat on his Socialist party, and swept to a majority in parliament. It is hard to believe that Mr Mitterrand has not been enjoying some cackles at the spectacle of the conservatives tearing themselves apart in the struggle for the presi-

This struggle is increasing

The struggle is putting pressure on Delors to enter the contest as the left's candidate

the pressure on Mr Jacques Delors, president of the European Commission, to enter the contest as the candidate of the left. Until recently, opinion polls showed him winning against Mr Chirac but losing against Mr Balladur. But now Mr Balladur's rating has tumbled, probably as a result of the corruption scandals affecting members or former members of his government. So it now looks as if Mr Delors could have a good chance of defeating either Mr Chirac or Mr Balladur, or both.

Officially, Mr Delors is noncommittal. He has said repeatedly that he is far too involved with his job in Brussels to start getting agitated about running for another job in France, when success is uncertain and there is in any case still plenty of time to make a decision. But many people in France, especially on the left, are starting to believe that he will be unable to resist the pressure to stand. Mr Delors is no doubt flattered to be solicited, especially by those socialists who always despised him for being too right wing, after 10 years in Brussels he has become a grand international figure; and to come home to the presidency would be the ultimate

really go for the prize. Last weekend, in Leiden in the Netherlands, he was presiding over a seminar about the future of Europe, attended by some 120 European intellectuals - professors, doctors, law-yers, sociologists, philosophers, and the like. They were talking about such large subjects as

accolade of a public career.

And yet I just wonder if he will

identity, democracy, and work. In practical terms, it was hard to say what it all added up to. On the other hand, the event was a revealing symbol of Mr Delors's attitude to politics and Europe. He believes politicians should hear what the intellectuals have to say: and just as important, should mobilise the intellectuals in the European cause. On Europe Mr Delors is a conviction politician; he believes that the 1996 Inter-Governmental Conference must face the fundamental political questions of

Europe's ultimate destination. His convictions must be urging him to stand for president; that way he could press forward the European enterprise from Paris, as he has done from Brussels over the past 10 years.

The problem is that Mr Delors apparently believes that France today is 55 per cent conservative. If he were to be elected president, precedent suggests he would dissolve the National Assembly, in the hope that his own election would help swing the voters behind the Socialist party. But if he is right that France is 55 per cent conservative, he would still be faced with a hostile conservative majority. And that would be a hard prospect for a man embarking on the presidency at the age of 69.

If Mr Delors did not stand, he would remove the chief incentive for the conservatives to unite behind a single candidate; by staying aloof, he would maximise the odds that the Gaullists would split themselves asunder on the rock of personal ambition.

But perhaps next spring the polls will persuade him that France is only 49 per cent con-

ritics of the European Commission's twoyear attempt to forge a rescue plan for the European Union's steel industry had their chance to say "I told you so" yesterday.

Since 1992, the Commission has tried to persuade private and public sector steelmakers to restructure and close down excess capacity.

But yesterday, the plan's two chief architects, Mr Karel Van Miert, competition commissloner, and Mr Martin Bangemann, industry commissioner, finally recognised that the plan was dead and proposed abandoning it.

The Commission has suc-

ceeded in preventing a free-for-all on state aid to ailing steelmakers and in achiev-ing some capacity reduction. But it has fallen well short of the minimum 19m tonne target that most observers believe is necessary to avoid overcapacity when the industry next moves into a downturn, a problem that has plagued the industry over the past 20 years. The EU's big steelmakers first approached the Commission two years ago for help in tackling the problems of recession, including competition

facturing overcapacity.

Losses in the industry were piling up with some of the best-known steelmakers - such as Krupp and Thyssen of Germany and Ilva of Italy - in deep financial trouble.

from cheap east European

imports and their own manu-

A previous attempt by Brussels to organise the steel mar-ket in the early 1980s had involved direct intervention in the steel market. The so-called Davignon plan, named after Mr Etienne Davignon, then industry commissioner, allowed the Commission to dictate individual companies' production quotas, impose protectionist trade measures, and endorse subsidies and price cartels. This time, Mr Van Miert and

Mr Bangemann adopted a different approach. The Commission offered market supervision through quarterly guidance on production and delivery volumes to encourage reduction in capacity. It encouraged privatisation of publicly owned steelmakers to reduce capacity. The plan also involved approval of industry levies to finance closures; limited protection from cheap imports; and Ecu240m of social aid to redundant steel workers.

In the winter of 1992, Mr Fernand Braun, the Commission's special steel envoy, elicited promises of "potential" and "probable" cuts in capacity of

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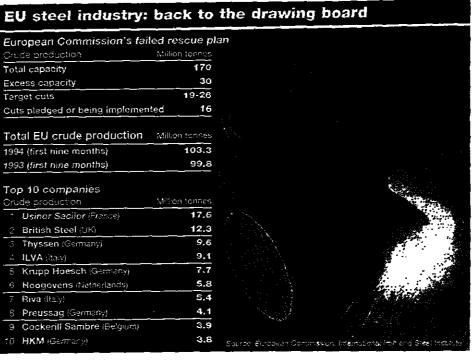
natural resources should be sustainable.

or, appropriately enough, a legacy.

net deforestation by the end of the century.

# Steel back in the melting pot

Lionel Barber and Andrew Baxter on the collapse of the EU rescue plan for the industry



about 17m in crude steel and some 11m in rolled products during a series of negotiations with steel companies.

Yet it was clear from the outset that private steel companies were reluctant to make real capacity cuts. State-owned steelmakers were also reluctant to reduce capacity, and continued to lobby for state aid with the backing of national governments or powerful regional lobbies.

Too many steelmakers thought their competitors were more likely to go under, or that it made more sense to wait for an unturn in prices," says one official.

The first significant blow to the rescue plan occurred last year when a powerful local campaign prevented the closure of the loss-making Klockner works near Bremen in Germany. Closing Klöckner would have given an early push toward the 19m tonne target; instead its survival encouraged

others to resist. A second blow came last never going to get the extra June when Mr Van Miert unex-

pectedly lost a battle in the Commission over steel closures in the Bresciani region of northern Italy. He wanted approval for Ecu415m of aid to help eliminate an estimated 5m

tonnes in capacity. When this was denied, Mr Van Miert promptly declared the steel plan "dead". Weeks later, the full Commission approved a new version of the plan which showed that the state aid to the Bresciani did not, in fact, violate EU rules.

The Bresciani deal brought the cuts being pledged or car-ried out to about 15.5m of capacity and seemed to revive the rescue plan. But with steel prices steadily improving, further capacity cuts could not be found as steel companies found

demand rising.

Messrs Van Miert and Bangemann tried another round of expensive dinners and loud table-banging to persuade the

steelmakers to find more cuts, with no success. 'We just knew we were

capacity cuts," said one offi-

cial, "so we could no longer in good faith continue with the

Critics of the rescue plan have long feared that steelmakers would use a short-term increase in demand to avoid or postpone painful decisions on capacity cuts. Now, with the recession over, their fears have been vindicated.

Late last month, German steelmakers said they were prepared to forego the Brussels aid package and wait for the next recession before trying once again to agree on cuts.

The collapse comes as no surprise to industry analysts. Mr Rod Beddows of Beddows & Co, a steel consultancy, says overcapacity is not spread evenly across the EU steel industry. The German industry, for example, is already working at full capacity producing flat products, although the economic recovery has yet to reach full swing.

More seriously, he questions the approach of trying to reduce overcapacity as a solution to the industry's ills. Overcapacity, Mr Beddows believes, is only a symptom of the real problem, state intervention via subsidies that prop up uneconomic steelmakers.

"The Commission's plan was a non-solution to a non-problem." he says. "Until the notion of state intervention in all its forms is removed, you

won't get a healthy industry." With the ending of the Commission's rescue plan, two issues remain unresolved. First, there is concern that further painful attempts to cut capacity will have to be made when the industry enters its next downturn, as the task remains unfinished.

Second, non-subsidised producers continue to worry about subsidies to loss-making competitors that threaten their own profitability. "Subsidies are still supporting capacity. and that nettle has to be grasped," says British Steel, one of the most profitable nonaided producers.

wen with the market picking up, some steel-makers continue to demand subsidies. This week Germany's economics ministry and the Treuhand privatisation agency asked the Commission to back a rescue package for Eko Stahl, the east German producer, worth

Subsidies could re-emerge as a serious problem when the steel market begins to fall again, with member countries coming under further pressure to support loss-making produc-

However, the industry has learnt some vital lessons about that might make the problems less serious in the future. These include the need to be flexible as demand fluctuates.

"The decisive thing that we have learnt is to reduce the level of raw steel production to shut blast furnaces which in the past kept producing no matter what happened - and to base all our calculations on those reduced levels," says one German producer.

The steel companies are also learning to seek market solutions rather than wait for Brussels to sort out the problems. Innovative transnational alliances, reciprocal equity stakes and investments are beginning to create a less nationallybased industry. That raises the prospect, albeit not immediately, of an industry that can prosper without subsidies.

Additional reporting by Michael Lindemann in Bonn

terms of public opinion as well. However, I also advocate

early consideration of the issue

ing un

### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Iraq should export oil to aid civilians

From Mr Faisal Al-Sabah. Sir, Blackmail and mass hostage-taking are instruments of policy used by Saddam Hussein, not only internally but also externally.

During the occupation of Kuwait, he held foreign civilians hostage: if foreign aircraft bomb my installations, they will bomb their own citizens also. He is now holding the Iraqi people hostage: if the sanctions hurt my regime, they will hurt the Iraqi people also. In both cases he has used large numbers of human beings as an object of blackmail.

Back in 1991, UN Resolutions 706 and 712 provided for oil sales by Iraq - equivalent to \$1.6bn - to finance supplies for essential civilian needs. This sum was to be reviewed according to those needs. However, Saddam Hussein refuses to export oil so that he can use the suffering of the

Iraqi people as a means of blackmailing the world into removing the sanctions completely, thus freeing his regime to regain its former power. Well-intentioned people who call for the end of the sanctions should not be deceived by Saddam Hussein, but put pres-

sure on him to export oil for essential civilian needs. Faisal Al-Sabah. director. Europit Information Centre, 30 Old Burlington Street, London W1X 1LB

### Attraction of locked currencies

Parliament's Economic Committee, of which I was a member, interviewed Mr Alexandre Lamfalussy for 1½ hours prior to his appointment as president of the European Monetary Institute. Like you ("Single currency should be delayed, says EU bank chief", October 24). I formed a very positive view of his expertise, pragmatism and commitment.

Given adequate convergence, the idea of *irrevocable* locking of member currencies at an

From Mr Christopher Jackson earlier stage than domestic use of the Ecu seems increasingly attractive. The banks warn us of huge costs, difficulties and lead times in introducing Ecu notes and coinage. On the other hand irrevocable locking of currencies gives business most of the advantages with few of the costs.

The approach to stage three of Emu would thus be "a European currency with local man-ifestations" in the form of existing domestic notes and coinage in each member state involved. It is quite right that

of perhaps two Ecu notes (say Ecu50 and Ecu20, worth today the awkward sums of £39 and £15.60 respectively) which would be legal tender as a parallel currency in all Emu states, giving travellers some relief from the cost and fuss of changing currencies, and showing an everyday benefit from a European currency. Christopher Jackson, 8 Wellmeade Drive, this has great advantages in | Kent TN13 1QA

### Samsung and 'fortress Europe' factor

Sir, Your leader, "Inward & upward" (October 18), makes

the point that one of the reasons Samsung is investing in Cleveland is the UK's membership of the European Union. That is true as far as it goes. But, as you reported on the front page the same day, the

real EU-related factor in Samsung's decision, according to Mr Chan Bea, UK managing director, was to counter "possible anti-dumping measures by the EU". The decision therefore seems to be another triumph for proponents of "for-

tress Europe". The question your leader did age to Europe and, indeed, the world economy - and therefore to UK interests - the fortress Europe doctrine is causing. lan Milne.

The European Foundation, 61 Pall Mall, London SWIY 5HZ

### A lone knight among business school deans

From Sir James Ball. Sir. I note the reference to

my former students, Sir John Egan and Sir Iain Vallance, in your Survey of Business Schools - An A-Z Guide (October 17), together with the observation that "No business school deans are thought to have been awarded knightMay I, for the record, point out that I was knighted as principal of the London Business School in 1984 for services to management education.

Your report comments on the fact that Sir Graham Day and Sir John Harvey-Jones did not have MBAs. Neither have I. But Graham Day did hold Regent's Park, the position of professor of London NW1 4SA

housie University, Nova Scotia. 1977-1981

May I put him in my team rather than Sir John's. Jim Ball. professor of economics, London Business School, Sussex Place.

### Food irradiation little more than an expensive quick fix

From Ms Maria Elena Hurtado. Sir, Proposing food irradiation as a solution to poisoning and death from contaminated foods is a dangerous and expensive distraction ("Backing for food process", October 19). In developing countries, where the problem is most severe, it is not contaminated milk in need of irradiation that causes child diarrhoea; it is diluting powdered milk with polluted water or using unclean recipients. In developed countries, food handling and poor hygienic conditions are also leading sources of food-borne diseases

Furthermore, this expensive technology is suited only to a

of the prime uses for which it is being promoted is for treat-ing grains that have been infested during storage. Irradiating them will leave grain full of dead insects or mice. Surely, it is better and cheaper to improve storage facilities. Also, it is disingenuous to argue that the loss of nutrients during irradiation - for example, vitamin E levels can be reduced by 25 per cent - is "really minimal" compared with the loss through cooking. The fact of the matter is that irradiation only compounds

And while it is true that studies have shown that irradiated food at the dosage levels very small range of foods. One | recommended is safe to eat,

the problem of nutrient loss.

few studies have been done on humans for any length of time. Little is known, for example, about what happens to pesticide and other chemical residues during irradiation. The fear is that, as with many other subtle chemical changes. the impact will not show up for many years.

It is one thing to monitor carefully administered doses in a laboratory; quite another to do it for large quantities in an industrial plant. Consumers have no independent means of assessing the validity of the manufacturers' claims; as yet there is no cheap and reliable test for inspecting the safeness

of irradiated food. What food irradiation does offer is an expensive quick fix. So instead of ridding chickens of salmonelia, as the Swedes have done, you irradiate them. The priority of governments and international aid agencies must be to deal with food contamination by improving harvesting, storage and manufacturing. In the third world, spending scarce resources in providing clean water would do much more for people's health than investing in expensive food irradiation plants. Maria Elena Hurtado olobal policy and campaigns

director. International Organisation of Consumer Unions, 24 Highbury Crescent,

FOR THE SAKE OF THE CHILDREN WE GAVE THEM A NURSERY

### FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Wednesday October 26 1994

### Rooting out corruption

Not before time, Mr John Major has perceived the need for a comprehensive inquiry into standards in British public life. The prime minister's announcement in the House of Commons yesterday is welcome, but it might better have been made sooner. Over the past few days two of his junior ministers have been obliged to resign, following allegations that they received payments in return for political favours. If that was the whole story, Mr Major might be said to have acted both decisively and swiftly.

In terms of public disquiet however, these falls from grace were merely the latest in a long series of incidents, some of them similar, some of a different nature. Conservative politicians in particular have been put under the spotlight. and too often found wanting, since the "back to basics" campaign of a year ago, and indeed before that. There has been a growing perception, fed by media inquiries and opposition statements, that after 15 years in office some prominent members of the governing party are behaving with less care or good sense than they should.

#### Corrupt behaviour

THE STATE OF THE S

This must be seen in perspective. The British inclination is to believe that corrupt behaviour happens in other countries, but not at home. A more accurate proposition is that malfeasance uncovered elsewhere is often on a far larger large scale than in Britain, but that the trade-off of cash for favours has become uni-

The corruption revealed in Italy was systemic. It led to the overthrow of the long-established parties, and the election of Mr Berlusconi. Large sums of money, and large banks, are implicated in tales of corruption in Spain. The allegations of malpractice that recently forced two French ministers to resign involve greater sums, and more obvious departures from probity, than anything said in the recent British cases. Mr Edouard Balladur has had to contend with allegations that his ministers took serious money; Mr Major that junior members of his

government dabbled in peanuts. The prime minister has been rather petty and some of it involving the exercise of political patronage rather than the receipt of cash. Questionable individuals donate money to Conservative funds. Appointments to public bodies are not listed; the suspicion grows that they are politically motivated. The Scott inquiry has yet to report on the exercise of ministerial and official discretion in the matter of arms sales to Iraq.

#### Independent scrutiny

Mr Major's announcement ves terday addresses some, but not all, of the many such issues that have arisen over the past few years. The standing committee he is to set up will "examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards in public life."

To judge from his remarks in the house, Mr Major does not envisage that the new committee, to be chaired by Lord Nolan, will examine the sources of payments to political parties. It should. Mr Major said nothing about publishing a list of members of quangos, or subjecting their appointments to independent scrutiny. He

should do so now. Lord Nolan is not to examine the charges against individual ministers; that inquisition will take place, in camera, in a parliamentary committee. It should be held in public, even though some of the evidence may come from Mr Mohamed Fayed, an Egyptian-born financier, whose motives were put in question yesterday by both the prime minister and the leader of the opposition.

Otherwise, as the Labour leader, Mr Tony Blair said, "there will be justifiable public concern that the general inquiry is being used to sweep the particular allegations from public view, when it is these allegations that have given rise to the public concern".

take some of the heat off the government. The inclusion of local authorities in its remit makes it likely that some Labour counc forced to take action because of an will be shown to be corrupt. But accumulation of relatively small. he needs to do more if he is to incidents of corruption, most of it restore public confidence.

### Paying up for pensions

Hercules cleaned the Augean act, companies responsible for stables by diverting a river through them. Sadly, there is no "fair" cost of reinstatement. comparable short cut for Britain's Securities and investments Board (SIB) in dealing with the mis-selling of personal pensions. Moreover the potential scale of this extraordinary regulatory disaster

continues to increase.

The SIB's initial assumption was that the problem was primarily concerned with poor pensions advice being given to people on leaving their jobs or on being made redundant. Many were transferring into personal pensions when they would have been better off taking deferred benefits from more generous occupational schemes. It has since become increasingly apparent that the big-gest problem may be to do with two different groups: those who were advised to opt out of occupational schemes while remaining in the same employment, or who took out personal pensions instead of joining more generous occupa-tional schemes for which they

 $M_{\rm e} = 100 \, M_{\rm p}$ 

Given that personal pensions are a much more expensive form of provision than defined benefit occupational schemes and offer an uncertain future return, the circumstances in which they are likely to be the best choice for those other than the self-employed are limited. Yet consulting actuary Bacon and Woodrow estimates that there were more than 850,000 employed people who made such a choice on the advice of personal pensions salesmen. It is hard to believe that a majority of them will not have suffered actual or

#### Inevitable pressure

To its credit, the SIB shows no sign of backsliding in its detailed proposals to provide redress, despite inevitable pressure from elements of the financial services industry. Clearly it will be helped if occupational pension schemes are prepared to take back those who have been ill-advised. The National Association of Pension Funds is sensibly urging this course on its members and some public sector schemes have already accepted the argument. Yet the SIB has no jurisdiction over pension fund trustees. And rules looks like one more natl in even where they are prepared to their coffin.

Where no reinstatement is possible, redress will be offered direct to the investor.

Compensation will only be required where there are actual or potential losses and poor advice can be seen to have played a causal role. It will not be given in the case of losses where the inves-tor understood the character and size of the risks being run.

### Calculating redress

The SIB's specific methods of calculating redress inevitably involve big assumptions in valu-ing benefits - for example, in relation to future salary increases, discretionary benefits and so forth. But these have been reviewed by the government actuary and do not look unreasonable overall. Since part of the object of the exercise is anyway to minimise the need for the victims to go to court, the SIB has had an incentive to ensure that the redress is

There are questions about the adequacy of the coverage of the review of personal pension sales. There will, for example, be no automatic requirement for a review of advice to those who had the option to join occupational schemes but chose personal pen-sions instead. The larger worries concern, first, the thoroughness with which companies will go about the monumental task of reviewing their own mis-selling; and, second, the quality of monitoring and enforcement by self-regulatory organisations such as the newly formed Personal Invest-

ment Authority.

The cost for the banking and insurance sectors will be huge. The bill, for which outside estimates range as high as £2bn, anyway results from clear breaches of the regulatory standards in force at the time by the industry at large. For those with efficient systems the problem will be readily manageable within the SIB's timetable, which aims for a full solution by the end of 1996. For the weaker insurance companies, that deadline looks pious. The coincidence of this review with the SIB's new disclosure

#### r Yassir Arafat, chairman of the Palestine Liberation Organisation, will be conspicuous by his absence at today's triumphant signing of the Israel-Jordan peace treaty in the presence of US President Bill Clinton.

Jordan, which is at loggerheads with the PLO over rival claims to the Islamic sites in Arab East Jerusalem, did not include the Palestinian leader among the 5,000 guests. Mr Yitzhak Rabin, Israeli prime minister, went further, telling Mr Arafat, officially and publicly, that he was "not welcome".

The landmark accord signed by Israel and the PLO last September marked a turning point in Middle East peace. Since then, Israeli peace with Syria and Lebanon has moved within grasp; Morocco and Tunisia have established formal ties with the Jewish state; the Arab economic boycott of Israel has been eroded: and, on Sunday, political and business leaders from Israel, the Arab world, the US, Europe and Japan will meet in Casablanca to take the first step towards creating a Middle East common market

But the Israeli-Palestinian peace greement that made all this possible is in serious trouble.

Against the backdrop of economic deterioration in the Gaza Strip and delays in the peace negotiations, Palestinian discontent is rising, and there has been a series of horrific attacks on Israelis by Palestinian Islamic guerrillas.
Indeed, Mr Arafat's advisers are

now openly questioning the feasibility of the peace process. "The situa-tion is very fragile and sensitive at the moment in terms of stability. Anything could happen," said Mr Nabil Abu Irdainah, a senior official in Mr Arafat's office. "We still hope it will work, but it could fail." Israel and the PLO knew that

their peace agreement was a risky venture. In return for Israeli recognition of the PLO and a commitment to a five-year process of negotiations, Mr Arafat settled for limited autonomy in a tiny, impov-erished part of the land claimed by Palestinians. He hoped he could eventually win the state the Palestinians want, comprising the Gaza Strip and the West Bank, including Arab East Jerusalem. Palestinians were sceptical about

Mr Arafat's deal, which seemed to surrender the three burning causes that have sustained the Palestinian struggle since 1948: the return of up to 4m Palestinian refugees; the recovery of all land occupied by Israel; and a Palestinian state with Jerusalem as its capital. But a slim majority gave the veteran PLO leader the benefit of the doubt.

The signatories to the deal hoped that this fragile Palestinian support would be consolidated as the peace

# Peace prospects frayed at the edges

Palestinian grievances are increasing tensions again in the Middle East, writes Julian Ozanne

process gained momentum, with Mr Arafat gradually expanding his rule across the West Bank and holding elections to pave the way for discussions on statehood, Jerusalem and refugees. Support would also grow, they believed, as Palestinians experienced a speedy change in their economic situation.

However, 13 months after the signing of the agreement, ordinary Palestinians have seen little evi-dence of the fruits of peace. The peace process is six to nine months behind schedule. Israel has reneged on promises to release thousands of Palestinian prisoners and appears reluctant to take the next big step in the process: redeployment of Israeli troops in the occupied West Bank to allow Palestinian elections

Israel is also insisting on complex security arrangements to protect the 120,000 Jewish settlers in the West Bank, and pushing the PLO to bar the Hamas Islamic Resistance Movement from participating in the elections. The poll should have been held last July, but now seems unlikely before mid-1995.

Israeli control over the pace of the peace negotiations and the nature of any concessions to the PLO is fuelling support for Mr Ara-fat's opponents, who maintain that Israel never intended to hand over the West Bank. "The delay in the application of the agreement only helps to inflame the situation, and will help extremists to explode the peace process," said Mr Yassir Abed-rabbo, who holds the Palestinian portfolio for culture. And on the economic front, the

chaotic transition from Israeli to

PLO rule in the Gaza Strip may even have caused a downturn. In an economy with 50 per cent unemployment and years of infrastructure neglect, only a fraction of the \$720m of emergency aid promised by international donors and the World Bank for 1994 has been released. The UN Works and Relief Agency has spent \$52m on projects since September last year, but the only other large project under way is a Gaza clean-up campaign, funded by Japan and the European Union, which has created just 3,000 jobs. A \$128m emergency housing project is slowly taking shape.



President Bill Clinton and Israeli prime minister Yitzhak Rabin

randum observed: "Despite its significance, almost no significant investment activity has occurred in the Gaza Strip since [Israeli] rede-ployment." The private sector remains unwilling to inject capital, the UN says. "into an economy where the political situation remains unstable and no regulatory framework yet exists".

Recent evidence of irregular business deals in cement, petroleum and telecommunications, negotiated by a coterie around Mr Arafat without open public bidding, has also deterred the private sector.

The World Bank blames the PLO's lack of accountability and Mr Arafat's refusal to delegate economic decision-making for these problems. There has been political infighting in the PLO, as four senior officials have competed for control over economic policy, with Mr Ara-As a recent UN internal memo- fat as the only court of appeal.

The PLO blames the World Bank and other donors for bureaucracy and failure to see the political imperatives of speedy disbursement of aid. "We are suffering from donor fatigue, donor myopia and donor arterial sclerosis," said Mr Nabil Shaath, one of the Palestinians responsible for aid negotiations. "Unless you burn yourself com-pletely, like Rwanda or Somalia, it seems donors are not interested."

Some bilateral donors believe the truth lies in the middle. While they support the World Bank in its criticisms of the PLO, they say the bank has concentrated too much on long-term projects and has proved incapable of finding alternative ways to release aid and to work with the PLO.

Mr Terje Roed Larsen. UN undersecretary general co-ordinating aid to the Palestinians, said: "The UN and World Bank agree that it is now

acutely pecessary to have both a short-term and long-term focus and to put in motion high-impact jobcreating projects, because if there is no significant improvement of liv-ing conditions in the next six to eight months the support and legitimacy for the process and the Palestinian authority will evaporate."

Matters have been made worse by Israel sealing the borders with the Gaza Strip and West Bank at least four times since September last year. The most recent closure, imposed last Wednesday after the Hamas suicide bombing of a Tel Aviv bus, which killed 22 Israelis, is

The closure has put 65,000 Palestinian migrant labourers, whose income forms the backbone of the dependent Palestinian economy, out of work. It will also hit Palestinian exports to Israel and Palestinian Treasury revenue, as well as deterring investors and tourists.

nese costs, together with the continuing economic hardship, appear to be strengthening the hand of Hamas, Mr Mahmoud Zohar, the organisation's leading Gaza spokesman, welcomed the return of Mr Arafat and the PLO to Gaza because their failures, he said, would encourage Palestinians to turn to Hamas. "Arafat's return hastens the coming of the Islamic state," he said.

Many Palestinians refuse to condemn the recent Hamas attacks, in pation and Mr Arafat's apparent weakness. The simmering tension between the two rival Palestinian groups has moved into open controntation, with Hamas challenging the PLO for the political leadership of the Palestinian cause.

Mr Arafat dares not move against Hamas while he has so few political and economic gains from the peace process and fears the eruption of civil war. "We did not make peace with Israel to make a civil war among our own people," said Mr Shaath. "Hamas cannot be defeated by security alone. We need a judicious mixture of political and eco-

But Israel, backed by the US, is insisting that Mr Arafat deal a severe blow to Hamas, and implying that further progress in the peace talks will depend on a crackdown

on Islamic guerrillas. Mr Arafat's dilemma, and the possibility of a break-down in the Israeli-Palestinian peace process, could vet derail progress towards peace in the Middle East. Despite today's signing with Jordan, many Arab states are holding back or making further ties with Israel conditional on progress on the Palestinian issue. Until that happens, hopes of wide-ranging peace in the region

### Treasury reform: low on culture shock

Treasury often worked out impor-



Whitehall's most powerful civil service department. has gone back to first principles to justify its existence PERSONAL or, more accurately, VIEW its running costs. A

The UK Treasury,

penetrating report published last week recommends refocusing the department's work and a radical shake-up in its organisation.
The report should be judged on

whether it leads to a stronger Treasury. A strong central department is needed to fend off ever more pow erful special pleading by vested interest groups, often articulated by other parts of Whitehall. There is certainly some moderni-

sing to cheer in the report. For the first time the Treasury has set itself objectives. It will concentrate on core activities and get out of others such as checking on diplomats' cost-of-living allowances in Bogota or running civil service pensions. The report recommends removing

much duplication of work done by others. It will reduce senior staff numbers by more than a quarter.

Not bad. But a key test of this report is how far it enables the Treasury to change its culture. Does it address the common criticisms of the department that it is short-termist in outlook and insular in making decisions? To deal with short-termism, the

report recommends the creation of a strategy group. I am not sure this is the answer. In my experience, there was no shortage of willingness or capacity among senior staff to think longer term, particularly when ministers demanded it. The problem was that so many were engaged in dealing with short-term crises that they rarely had time to take the longer view.

Time will tell whether those advised by the strategy group will find themselves swamped by events, leaving the group's elegant reports to languish in their pending trays. The report distinguishes more clearly the roles of senior grades, and this may leave scope for long-term thinking by the top layers, who currently spend too much time second-guessing subordinates.
Insularity is a bigger problem. I was astonished to discover that the

tant reforms (on pensions deregu-lation, for example) with little input from those with significant working experience of the field.

Here the culture needs a fundamental change, with more people brought in from outside. Far more cross-fertilisation is needed between the Treasury and other professions. Ultimately that could mean differ-

There are hopeful signs of greater openness, with far more secondments to industry

ential pay for the same work to attract suitable outsiders. Providing posts for them would also erode the presumption that civil servants can expect a lifetime career.

This is a bridge too far for the Treasury. True, the seven new "directors" created by the report will be given enormous freedom, including power to recruit on short-term contracts. But the com-

**OBSERVER** 

ALLOWANCE

mitment to a lifetime service wins might leave the Treasury with more out: the report makes clear that short-term contracts are "unlikely in our view to be a significant feature of a restructured Treasury". It seems particularly odd to cling to the lifetime principle when the slimming at the top sends such a clear message to voinger staff that there will be far fewer slots for

them later on. Nonetheless, there are hopeful signs of greater openness in Trea-sury work, with far more secondments to industry. There is also a long overdue proposal that senior Treasury mandarins should have more experience of the areas of pub-lic expenditure they are responsible for (whether it is industry, schools,

hospitals or whatever).

Although the system of control-ling public expenditure looks at risk from the proposals to reduce Treasurv interference in departments and agencies, it is probably safe. The present system is certainly due for an overhaul: it requires the Treasury to approve minutiae such as the amount spent on leaving-gifts and "novel" office parties. A little

time to weigh up the short-term cost of spending against its long-term economic benefits. The report sensibly makes clear

that the Treasury is going to give up these nit-picking powers only when departments demonstrate a greater willingness to share management and financial information with them. That is an essential safeguard. Departments are not like business profit centres, and decen-tralisation could all too easily lead to loss of spending control.

The jury is out on these reforms. In some ways they do not go far enough. They may not be imple-mented. But at least they may prompt cuts in the upper echelons elsewhere in the civil service. A good place to start would be Whitehall's other ivory tower, the Foreign

#### **Andrew Tyrie**

The author was an adviser in the Treasury to former UK chancellors devolution on this close monitoring Nigel Lawson and John Major

### In at the **Finnish**

Finland's imminent entry into the European Union has got off to a flying start with the choice of Erkki Liikanen as the country's first European commissioner. Not only is he one of the most assiduous party-throwers in Brussels, where ambassador, but he knows his way around the organisation - which is more than can be said for many new commissioners.

However, it was touch and go whether Liikanen, 44, would get the job. Early yesterday morning, Prime Minister Esko Aho was still balking at sending Liikanen, a member of the opposition Social Democrats. Aho, who leads the agrarian-based centre party, wante Ekso Ollila, a Bank of Finland director; others favoured Pertti Salolamen, the foreign trade minister who led Finland's negotiations to enter the Union. Failure to agree allowed President Martti Ahtisaari to push the job

Lilkanen's way.
Lilkanen's reputation is certainly
higher in Brussels than in Finland
where voters still remember him quitting as finance minister in the previous government just before the economy crashed. Will he be as lucky when Jacques Santer hands out the portfolios? Insiders tip the Flying Finn for

particularly exciting but one which will leave other commissioners looking for favours. But why not the more high-powered internal market portfolio, which remains in search of a political heavyweight?

### Deep seam

■ When is a quango not a quango? The new Coal Authority launched yesterday, apparently, does not qualify. It is a non-departmental public body, according to Charles Wardle, the junior energy minister. He had some difficulty explaining the difference. Perhaps readers would like to lend him a hand ...

#### Dayly grind

Lord Howe may be the last of the Thatcher government's troika to publish his memoirs, but he could be the first to stage a political comeback - if you listen to Sir Robin Day, the veteran TV interviewer. Sir Robin, attending the launch of Lord Howe's book. confidently predicted that Howe would soon be back in government as Lord Chancellor, giving it some "much-needed bottom".

Then again, Sir Robin might be a bit biased. The two of them go back a long way. Both were called to the Bar on the same evening in 1952 and both stood for Parliament in 1959. Sir Robin and Geoffrey Howe failed, but it was at that election that Maggie Thatcher first became

# RULES

JOBCENTRE

'There's a little person looking for low-paid employment within all of us, Mr Tinglington'

an MP. "I disappeared into the obscurity of the TV studios . . . such is the way the destiny of great nations is decided," joked Sir Robin.

#### Loosened tongues

■ The dangers of drinking on duty, continued. The CNPF, the French employers' body, has just published a list of tips to its members on communicating financial information to the market. A very worthy tome, indeed - nestling within the comments on relations with analysts and the press is "A

risk often ignored: cocktails". Les cocktails, it seems, offer pitfalls for the unwary, and not just for purists guarding the language. Apparently there is a risk of divulging sensitive information when having a drink after a press conference. Sacre bleu! The French have uncovered another journalistic

#### Asset strippers

Religion is not a growth Synagogues is following the Church of England's lead in shedding under-used assets. Two synagogues in the East End of London are up for sale as second and thirdgeneration Jewish immigrants desert the area for the suburbs. While the federation is willing to sell to other faiths, it also has a duty to accept the highest bid - so God might be outbid by Mammon.

Twas ever thus. The first Methodist chapel, used by John Wesley from 1743, is about to be turned into Covent Garden offices; previous tenants include the London City Ballet and the Tiller Girls, the high-stepping entourage of second world war fame.

### Aide memoire

■ "Persistence pays off" might be the new school motto for St Aidan's high school in Poulton-le-Fylde, Lancashire. Increasingly strapped

for cash, the school scouted round for sponsors. Alan Leeson, the headmaster, approached Canatxx Energy Ventures, a Houston-based company that is building a gas-fired power station in nearby Fleetwood. It took 21 transatlantic phone calls before the enterprising head, who is also an Anglican priest, got through to Dennis Volter, the company's president. "He came after me and didn't give up. That impressed me," says Volter, who eventually stumped up £50,000, matching a similar amount from British Aerospace. Though maybe Volter was also

swayed by family history - he was born in Liverpool and still has relatives in Lancashire.

#### Hans on board

■ Picture the scene. A bunch of central bankers and finance ministers shooting the rapids on Wyoming's Snake River last summer, when certain members of the party start to go adrift.

A whiff of panic spreads among the remaining members of the world's financial community, as they realise that they may not be able to walk on water after all. Cue Bundesbank president Hans Tietmeyer, who turns to his fellow paddler, Nigel Lawson, Britain's ex-chancellor of the exchequer, with the ultimate reassurance: "The Bundesbank is with you." Panic

Well, that's Tietmeyer's version.



### FINANCIAL TIMES

Wednesday October 26 1994



Burning slick pours into two rivers in Komi province

### Arctic threatened by oil spillage in north Russia

in Washington, John Thornhill in Moscow and Anthony Robinson in London

A burning oil slick spilling out from a pipeline in the northern Russian province of Komi is threatening to create an environmental disaster in the fragile

Komi officials asked Moscow for help in dealing with the spill yesterday, after the New York Times had already reported the leakage and said that it amounted to only 100,000 barrels. But Mr Bill White, the US deputy energy secretary, said a US company at the site bad estimated the spill at 2m barrels, nearly eight times the size of the Exxon Valdez disaster in Alaska. Another western company had measured the slick at I metre deep and 12 metres wide, stretching for 6-7 miles.

"It is a significant spill, whether it be 100,000 barrels or 2m or somewhere in between. The fact is the Arctic environthan other environments," Mr said last night the spill was White said.

The oil slick is reported to have built up from leaks in a 47km pipeline run by Komineft, a Russian oil production association. The leak is believed to have begun in February, but had been retained by an earth dam.

Following heavy rains this mouth, the dam burst, spilling oil into the Kova River, which runs into the Pechora River and the Barents Sea. US officials say the slick was probably set on fire in an attempt to contain it.

The US Department of Energy

vesterday released a video of the leak showing flaming oil flowing down a river. The river, which is expected to

freeze over in the next two weeks, would extinguish a thin

The Komi Republic is one of the richest of Russia's oil provinces, but the government only advised the Moscow disaster centre yesterday, after news of the spill had been published in the

Russian government officials

under control and that environmentalists' claims were alarmist.

The region is of great interest to western oil companies seeking to exploit the nearby Timan-Pechora basin. A consortium of companies, including Conoco of the US and Norsk-Hydro of Nor-way, is studying the feasibility of building an offshore terminal to ship oil to western markets.

Vast areas of ecologically fragile Russian tundra have been churned up over decades by exploration vehicles or turned into polluted bogs by oil from leaking pipes and production platforms.

The latest accident is not an isolated incident in a country where production at all costs has been the rule for decades. The pipeline had been leaking since 1988 and had been repeatedly patched until nearly 9m gallons of oil and oil products poured out in a second spillage three months

Much of the oil will probably spread into the surrounding

### UK life insurers face \$3.2bn bill for wrong pension advice

By Alison Smith and Jim Kelly

UK life insurers must review hundreds of thousands of personal pensions sold since 1988 and compensate those investors who were wrongly advised to buy them, the Securities and Investments Board said yesterday.

Estimates of the potential bill for compensation are now put at up to £2bn (\$3.2bn) by Coopers & Lybrand, the accountants.
The SIB announcement came

after a detailed study of the scale of poor advice in selling personal pensions. It concluded that this was far greater than had been thought.

"It is now clear that too many personal pensions were improperly sold in the past," said Mr Andrew Large, SIB chairman.

The SIB, the chief London financial regulator, has told life companies and independent advisers to review the cases of at least 350,000 customers before the

Most UK life .companies including Prudential, the largest - reserved judgment on the report. Some welcomed it, including Pearl Assurance and Bradford and Bingley Building Society, the largest organisation

Legal & General, one of the UK's largest life insurers, voiced dissent. Mr David Prosser, chief executive, said the SIB had put too great a burden on the life industry, and L&G would have to make additional provisions.

to offer independent advice.

Since 1988, some 600,000 personal pensions have been sold to people transferring lump sums from UK occupational schemes. Separately, a survey for the SIB by actuaries Bacon & Woodrow has also estimated that in more than 850,000 cases, people were advised to opt out of their employers' schemes or not to join

In March this year the SIB said that advice to take a personal pension by opting out of or not joining an occupational scheme nearly always meant lower retirement benefits, and should be generally presumed to be wrong.

Mr Large said yesterday that the SIB's programme was intended to minimise the need for investors to go to court to get compensation.

The apparent extent of poor advice has renewed public concern about standards of selling and of regulation in the life industry. Compensation to investors who

have suffered from bad pensions advice will have to be paid in the first instance by the life company or independent adviser that sold

Where an adviser has gone out of business, investors will be eligible for compensation from the Investors Compensation Scheme.

Most life houses welcome SIB plan, Page 8 Editorial Comment, Page 15 See Lex

### **UK** advance promises quicker computers

By Clive Cookson, Science Editor

British researchers, funded by a Japanese company, announced a breakthrough yesterday in electronic miniaturisation. They said it could lead to computer memories and microprocessors one five-hundredth the size and 500 times faster than today's silicon

chips. Scientists at the Toshiba Cambridge Research Centre and Cambridge University have jointly developed the world's first pro-cess for making "quantum effect integrated circuits". These futuristic devices consist of millions of microscopically small components on a fingernail-sized chip.

Professor Michael Pepper, managing director of the research centre, said the achievement was comparable to the original discovery in 1958 of the technology for making the silicon chip. That breakthrough led to the

"information technology revolu-tion" which started in the early 1970s and is still gathering pace. Many electronics laboratories have made such microscopic components, including "quantum wires" 100,000 times thinner than a human hair. But their individual production is painstakingly

slow and expensive. The Toshiba process makes it possible to mass-produce them on integrated circuits like orthodox chips. The process has several stages and is technically complex, but Prof Pepper said it was "highly manufacturable and could readily be transferred to a production environment" at reatons alderna

The microscopic components no more than 10 atoms across are so small that the electrons in them behave both as particles and waves, in accordance with the somewhat bizarre predictions of quantum theory. This allows the circuits to switch far faster than those in conventional chips.

The main technical barrier still to overcome is that today's quantum devices can only operate when cooled in liquid helium to temperatures close to absolute zero. Scientists can, however, foresee them being developed to work at room temperature.

Chips based on the technology could reach the market in about 10 years. There are many possibilitles, including super-fast memory and logic circuits for computers, as well as more pre-cisely controllable lasers.

Mr Sei-Ichi Takayanagi, Toshiba's senior adviser on research, said the technology was still too far from the market to transfer to the company's Japanese R&D laboratories. It would be developed further in Cambridge for five years or so - and licensed to

Prof Pepper predicted that many new applications would emerge, which no one had yet thought of. "Think of all the changes in computing and communications over the last 25 years, and try to extrapolate those 25 years ahead." he said.

### THE LEX COLUMN

### Sprint's triple jump

For the first time since the break-up of AT&T. US consumers will be able to choose the same brand for local, long-distance and mobile phone calls. That, at any rate, is the objective of Sprint's alliance with three of the largest US cable television groups. Actually achieving this aspiration will not be easy. Massive investment and regulatory changes will be needed before the cable tv companies' networks can provide local phone services. Similarly, the partners have only a small role in mobile communications, though this could change if they are successful in winning licences in the

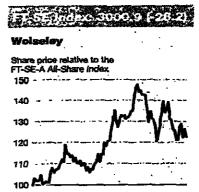
US government's forthcoming auction. Sprint's alliance is a ground-breaking event in the fast-changing US com-munications landscape. The Baby Bells, the dominant forces in the local telephone market, are the most vulnerable. Not only could they lose local customers to Sprint's venture; their high margins for providing local access to long-distance operators will be under threat. The Bells are likely to respond by redoubling their efforts to be allowed to enter the television and long-distance markets, while building their own alliances in mobile commu-

Sprint's long-distance rivals may be under pressure to respond too. Much depends on whether consumers would really prefer to buy packages of local, long-distance and mobile services from a single source. If Sprint is right, AT&T will need to add a local offering to its existing long-distance and mobile services. MCI, whose attempts to knit together mobile alliances have so far floundered, will have even fur-

#### Pensions

The scale of the UK's personal pensions scandal continues to shock. It now looks as though about 850,000 people were persuaded to take out personal pensions instead of staying with or joining company pension schemes. Compensation for such "opt-outs" could exceed that for those who stopped working for a company and then transferred a lump sum out of its scheme. Nobody knows how big the total compensation bill will be. But the figures of £1bn-£2bn being bandied around do not look ridiculous.

Many life companies will be able to shield their shareholders from the worst of the damage. The bulk of the compensation may be paid from "withprofit" funds, meaning policy-holders



could be more at risk, as it is harder to see how they could dip into some of their investors' funds to pay compen-

Source: FT Graphite

sation to others. The cost of compensation will be only part of the industry's agony. It will face an administrative nightmare sorting out which policy-holders qualify for compensation. Each case will require detailed individual investigation. Disputes involving lawyers can-not be ruled out. There will also be long-term damage to the industry's reputation. Sales of pensions and other life policies have already fallen sharply. In future, salespeople will need to put in much greater effort if they are not to fall foul of the regulator's "best advice" rules. With full commission disclosure due next year. the industry may be unable to pass on the costs of good advice.

#### European steel

The main problem with the European Commission's rationalisation plans for the steel industry was timing. The moment to cut capacity is when an industry heads into recession, not when it is clambering back to profitability. No management will cut capacity when its plants, however inefficient, are set to generate cash.

Even so, the Commission's failure to tackle the industry's structural overcapacity will have a long-term cost. The pain during the next trough is likely to be that much worse. Continuing excess capacity will once again drive prices so low that steel makers will be unable to cover their fixed costs. But next time the sector will find it more difficult to export its way will bear the pain. Unit-linked groups out of trouble, particularly to the US ley's style.

ingly competitive. It will also need to cope with additional imports from East European suppliers which should have sorted out their difficulties by

us oil groups

diverge in a

If Europe's industry is ever to become self-supporting and provide a decent return on capital, the Commission will have to reject demands for state subsidies next time round. Aid may preserve politically sensitive jobs but it perpetuates inefficient production and costs huge sums to the tax payers. Most importantly, subsidies threaten free trade. If Europe's steel industry is to prosper it must export, especially to Asia where growth is strong and capacity shortages exist. Asian doors will be justifiably barred to a subsidised European steel sector.

#### Wolseley

Wolseley's profits weathered the ecession much better than the rest of the building materials sector so it was only to be expected that its recovery would be less dramatic. Only to be expected, but wrong. While few other companies are anywhere near matching their previous peak profits Wolseley's earnings per share have now topped the 1990 record by more than a

The achievement is all the more impressive given that two-thirds of Wolseley's UK distribution sales go into the still depressed repair and maintenance market. In the US it has been been boosted by a building boom in the Carolinas. But the success of Brossette in the difficult French market proves once again what a successful and highly exportable formula Wol-

seley has developed.

Fooled too often by the management's cautious statements, the City is looking for healthy growth for the next couple of years. Apart from France, it would be optimistic to look for significant further improvements in its main markets. The US may have a little way to go and Wolseley could hope for some upturn in the UK, but margins are already near the peak achieved in easier inflationary times.

However, Wolseley has shown it can thrive in low growth conditions and there is no reason to suppose the flow of acquisitions will dry up. Given its muscular balance sheet and buoyant cash flow, the group may step up the pace and scale of its deals. But it would be wrong to expect anything spectacular. That would not be Wolse-

#### Continued from page 1

position has steadily deteriorated and the impact on the market has become ever more apparent." It added: "Repeated promises of payment from senior Saudi officials, including promises made directly to UK trade ministers. have not been fulfilled and there is no suggestion of an early improvement in the situa-

### Saudi Arabia | Major probes sleaze

Continued from Page 1

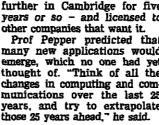
report says that other ministers had been questioned as a result of the allegations first passed to Mr Major three weeks ago. Sir Robin concludes that the allegations were "demonstrably false". The director of public prosecutions has been asked by Mr John Major to examine notes of a meeting between the prime minister and an intermediary, who

was allegedly acting on behalf of Mr Mohamed Fayed and made allegations about pay to MPs.

Mr Major disclosed the involvement of the DPP in response to suggestions from a Conservative backbencher, Sir Peter Tansell, that Mr Fayed should be prosecuted for blackmail.

The allegations were dismissed by Mr Faved who said he would sue Sir Peter if he made his suggestions outside the House.

FT WEATHER GUIDE

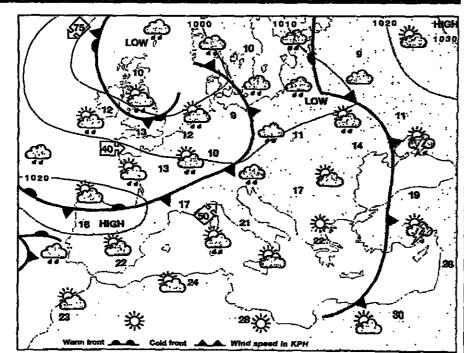


**Europe today** 

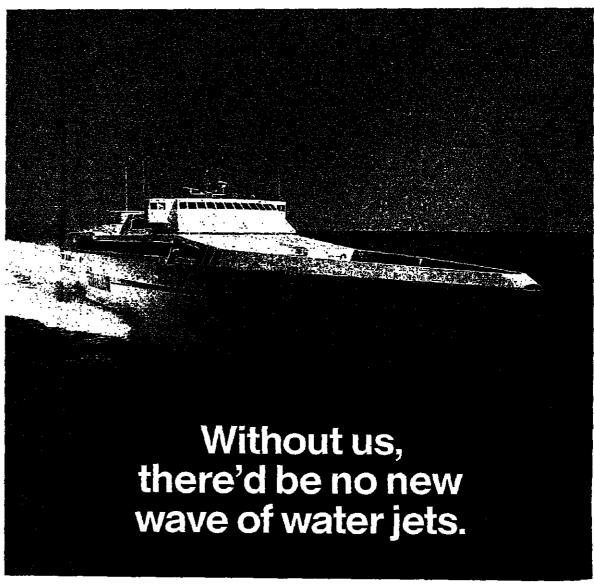
A series of fronts will dominate Europe. One front, associated with low pressure north of the UK, will cause rain in northern parts of the British Isles. Showers will occur re in the UK and in the Benelux and north-west France. A second frontal zone will produce rain in southern Scandinavia, estern Poland, the north-west Balkans and over the Alps. This front will produce cloud but not rain in southern France and northern Spain. Cloud and sunny periods will occur elsewhere in Spain and France as well as in Italy and the north-east Balkans. A third frontal zone will bring rain to the Baltic states and western Russia. Western Turkey will

#### have thunder showers. Five-day forecast

Low pressure will approach western Spain. creating a frontal zone which will bring rain to west Europe. Rain is also expected in south-east Europe during the weekend North-west Europe will continue to be unsettled. Scattered cloud will be interspersed with showers and temperatures are expected to fall. The southern Balkans will be sunny but thunder showers will recur



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Rodriquez Cantieri Navali, designers of the "Guizzo," have taken full advantage of the exciting possibilities of water jet propulsion. The world's largest water jet ferry, it speeds 450 passengers between Genoa and Sardinia at a molte vivace 43 knots. Keeping bearing oil in - and sea water out of - its 38,000 horse power triple water jet propulsion unit is a critical task for the John Crane Marine hub and input shaft sealing system. Made from specially designed, lightweight, composite materials, the system incorporates split-form sealing faces which can be replaced at sea if necessary, enabling the "Guizzo" to

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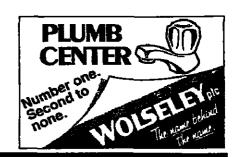


### **FINANCIAL TIMES**

### **COMPANIES & MARKETS**

THE FINANCIAL TIMES LIMITED 1994

Wednesday October 26 1994



#### IN BRIEF

### **US** oil groups diverge in quarter Texaco, the US energy group, reported higher operating earnings for the third quarter while Chev-

ron saw operating earnings drop in both upstream and downstream operations. Page 21 Halian insurer to raise \$1.5bn Riumone Adriatica Sicurtà, the Italian insurer con-

trolled by Allianz of Germany, is to raise at least 1.2,300bn (\$1.5bn) with an issue of shares and bonds at a deep discount to the market price. The capital increase will pay for its acquisition of Elvia, Switzerland's fifth largest insurance company. Page 18 A difficult hand for Stonecipher

Harry Stonecipher, the new chief executive of McDonnell Douglas, the US aircraft maker, likes to play cards. But with consolidation in the defence industry leading to lower production runs, he has a difficult hand. Page 18

Northern Telecom restructure pays off Northern Telecom, the Canadian telecommunications equipment maker, is starting to see the benefits of its restructuring and growing exposure to overseas markets. Page 20

Matsushita on a roll Matsushita, the Japanese consumer electronics

maker, reported a 26 per cent rise in non-consolidated recurring profits in the six months to September and said full-year results would be better than originally expected. Page 22

HK exchange sparks row
The Futures Exchange of Hong Kong plans to introduce futures contracts on two of the colony's biggest stocks, HSBC Holdings and Hong Kong Telecommunications - sparking a confrontation with the stock exchange. Page 22

Lep in debt talks with lenders Lep Group, the loss-making UK freight forwarding and security company, has begun talks with its lenders in an attempt to reduce its £340m (\$557m)

McKechnie, the UK plastics and metals components

group, maintained its dividend at the same level for the sixth consecutive year. Page 27 Tractors hope for blockade

Pakistan's tractor industry is fighting a government

plan to import up to 60,000 tractors by next year from Poland and Belarus, Page 28 Cadbury may raise Dr Pepper stake Cadbury-Schweppes might amend its stake in Dr

Pepper/Seven-Up, the third biggest soft drinks group in the US. Shares in the UK soft drink group fell 10p to 425p, while Dr Pepper rose \$2% to \$25, by midday. Page 29 US Indicator rescues bourses New lows for the dollar, and further weakness in bonds took bourses to falls averaging 2 per cent in the early afternoon, when a slippage in US con-

sumer confidence in October seemed to rescue them

Companies in this issue

from their worst fears. Back Page

Matsushita McDonneli Douglas Arcadia Ashbourne McKechr 27 McKechnie 28 Morgan Stanley 18 N Broken Hill Pako Barr & Waltace Napocor Noranda Ocean Wilsons Pepkor Boxmore Inti Pillar Placer Pacific Prospect Inds RAS RC Cement Courtaulds Credit Suisse EBRD RJR Nabisco RWE Salomon Bros Edinburgh Inv Trust Shell Canada Stakis Stalco Sunset + Vine First Russian Front Goodyea Hindusten Lever Hino Motors Tenneco Tomorrows JJB Sports JR West US Steel 20 Walt Disney 20 Whessoe 22 Wiggins 25 Wilhelm Will

Market Statistics

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Street (John)

### Tenneco to pay \$113m for German car exhaust producer

By Laurie Morse in Chicago

Tenneco, the diversified US industrial company, is expected to announce today that it will buy Gillet, a German automotive components manufacturer, for cash and assumed debt in a deal valued at \$113m.

The acquisition will boost Tenneco's European presence in the original equipment sector of the components market and will give the company a foothold in emerging markets where Gillet is already supplying customers.

The purchase marks a further expansion by US component manufacturers into the European market, where several of Ten-neco's competitors have already identified growth opportunities.
Gillet, based in Edencoben, is
Europe's largest maker of
exhaust systems for new cars. It supplies parts to all of Europe's main carmakers. With 2,000 employees at 14 plants, including three in the UK, Gillet had sales of \$275m last year.

Tenneco is expected to merge family-owned Gillet into its Walker Manufacturing subsidiary, which produces exhaust systems as replacement parts in the US and Europe. Walker had sales of about \$900m in 1993, including \$219m from its Euro-pean operations. Walker and Gillet combined will give Tenneco a leading position in Europe's original and replacement equipment markets.

The purchase will be the third in a series of acquisitions aimed at bolstering Tenneco's three core businesses - natural gas, packaging and automotive components. It agreed last month to buy a US power generating and natural gas development company for \$60m and said it would spend \$73m to upgrade a US con-tainerboard plant.

Tenneco's investment in Gillet

comes as it makes plans to shut its 86-year-old German tractormaking operation as part of a worldwide retrenchment

J.I. Case, Tenneco's heavy equipment subsidiary, will close its tractor factory in Neuss some time after June 1996. The Neuss plant has 1,300 employees.

The company believes that the European auto components market offers more potential for

growth than farm equipment. Securities analysts expect Tenneco to report third-quarter earnings of about 74 cents per share today, and to announce the Gillet acquisition.

# Kodak earnings slide 33%

By Tony Jackson in New York

Eastman Kodak, the photographic manufacturer, announced a further decline in operating profit in the third quarter and said restructuring might be necessary in the fourth quar-ter. Profits from the company's imaging business, now almost its sole activity after an \$80n disposal programme, were down 25 per cent in the quarter despite a 12 per cent rise in sales. Net earnings fell 33 per cent to

\$193m, or \$0.57 per share, excluding last year's restructuring

Qualex photo-finishing business had cost a further 6 cents a share. Without Qualex, group sales were up 8 per cent. Kodak's shares, which had largely discounted the news, fell \$% to \$47%. The shares are now per cent off their mid-September peak, when the market was enthusiastic about rapid asset

disposals by the new chairman, Mr George Fisher.

First-time consolidation of its

charge of \$353m. Kodak said The company said yesterday charges stemming from the that besides its stock problems, it write-down of assets had cost 12 had been affected by pricing prescents per share in the quarter. sures and cost increases in advertising, administration and employment benefits. Mr Fisher, who described the results as "mixed". said "our cost management efforts continued during the third quarter and will carry into the fourth quarter ... Kodak will not inventory its problems and carry them forward. We will emerge from 1994 with a strong balance sheet and a solid bench-

mark for measuring future per-

The commercial imaging division suffered a particularly sharp profits fall of 39 per cent in the quarter to S94m, with margins down from 8.5 per cent to 4.9 per cent. Copiers were hit by sluggish sales, Kodak said. Profits from consumer imaging were down 19 per cent to \$269m, with margins down from 24.6 per cent to 16.7 per cent.

Kodak said it was "hard to

speculate" on the size of any new restructuring programme. Last year's \$353m restructuring programme came before Mr Fisher's arrival, it pointed out.

### Patrick Harverson explains why the long bond yield rattled markets

### Dizzy at 8% but now up or down?

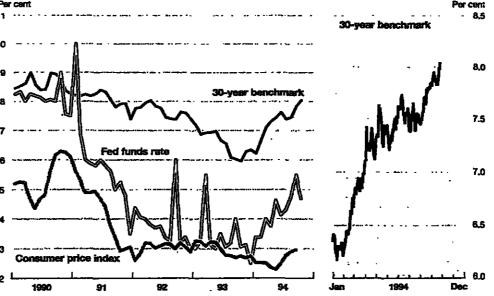
A lthough Wall Street had been expecting it for some time, when the yield on the 30-year US government bond closed above 8 per cent for the first time in 21/4 years on Monday night, it still sent a shudder through financial markets. Analysts throughout the US attested to the significance of the bond yield breaking through that

Mr Robert Brusca, chief economist at Nikko Securities in New York, said. "Psychologically, this is kind of chilling to people - it tends to make them pessimistic." Mr Lincoln Anderson, director of global research at Fidelity, the big US mutual funds group based in Boston, agreed: "It's an important level - you get through 8 per cent, and suddenly you start thinking about 9 per cent." Bond prices have been falling -

and correspondingly, yields rising - since late last year, when the yield on the long bond hit a 30-year low of 5.79 per cent. At first, the market's decline was prompted by expectations that

rising economic growth would lead to higher inflation, which undermines the value of fixed-income investments such as bonds. The sell-off in the bond market, however, did not really begin to pick up until February, when the Federal Reserve engineered the first of a string of interest rate increases aimed at subduing economic growth and inflation. The tightening of monetary policy by the Fed. which has raised to 4.75 per cent short-term interest rates from below 3 per cent in January,

#### Back to barrier breaking



investors the Fed had inflation under control.

The bond market was not reassured. To many investors, the Fed's decision to raise interest rates five times in seven months signalled that the central bank was worried that inflationary pressures were building up in an

overheating economy. At the same time, the markets have had to cope with a steady slide in the value of the dollar against the German mark and Japanese yen, which has raised the possibility that the Fed would have to raise interest rates even more to support an ailing currency. So, when the bond yield closed above 8 per cent in New York on Monday, no one was particularly surprised.

Yet, if an 8 per cent bond yield is some sort of watershed, what are the implications for US financial markets?

Mr Anderson of Fidelity believes the biggest problem in the markets is not high bond

yields, but the uncertainty surrounding Fed policy, which is diverting global money flows away from the US. The question everyone wants to know, he says, is how much higher will the Fed raise rates? "It's all about capital flows. No one wants to be in a market where the central bank's tightening." Mr John Lipsky. chief economist at Salomon Brothers, agrees. "There's little reason to expect a turnround in

any time soon." At some stage, however, vields will reach a point where they are high enough to start luring money away from stocks and into bonds - reversing the process which saw billions of dollars flow out of secure but poorly-yielding government securities and into stocks during the low-interest environment of 1990-1993.

international investor attitudes

While this is had news for stocks, it bodes well for short-term government bonds, and short-term yields.

There are also grounds for optimism over long-term yields. Essentially, an 8 per cent bond yield reflects the market's fears of higher inflation. Those fears, however, may never be realised if the Fed's rate increases begin to slow down the economy, and with it the rate of inflation. At some point, investors will realise that with inflation less threatening than feared, yields are not going any higher. Mr Brusca of Nikko Securities

believes the worst may be over for the bond market. "I don't think yields are going much higher from where they are right now. There are things in the works that are slowing this economy down." Consequently, he believes it is time for investors to buy bonds. "If you have any kind of longer term perspective, these are world-class interest rates. This is a point where an economic pragmatist has to say: You've got to buy bonds." International bonds, Page 34

### **RWE** gains despite loss from waste unit and mine strike

By Judy Dempsey in Essen

Profits and turnover for RWE Germany's largest utility group which is diversifying into tele-communications, increased last year. This was in spite of losses in its waste management divi-sion and a lengthy strike at its mining subsidiary in the US, Mr Friedhelm Gieske, board chairman said yesterday.

However, improvements in the chemical, energy and petroleum sectors helped offset these losses to allow RWE to increase the annual dividend of DM12 to

DM13, plus a bonus of DM1. The group's net profit rose DM41m to DM922m (\$594.8m) while external net sales, increased 5 per cent, or DM2.7bn, to DM55.8bn. Exports, which account for 18.5 per cent of last year's turnover, rose 0.7 per cent, from DM9.4bn to DM10.3bn.

The main growth sectors include the mining and raw materials division, which grew 3.3 per cent to DM2.4bn, the chemicals and petrochemicals division, where sales increased 8.9 per cent to DM22.8bn, and the mechanical and plant engineering divisions, which rose 10.6 per cent to DM6.2bn.

In spite of persistent problems in the waste management division, partly caused by losses incurred at NuKEM, RWE's US subsidiary, Mr Gieske said he expected this sector to "come out of the red from 1995-96

onwards" He said the ending of a seven-month coal strike at the USbased Consul Energy, in which RWE holds a 50 per cent stake, and which cut sales by \$21m. was expected to lift coal output for this year.

RWE will target much of its DM32bn investment in the energy, telecommunications and construction sectors during the next five years.

The group's entry into the telecommunications sector, through the purchase of Preussag Mobil-funk, and the establishment of a new company under RWE Ener gie to tap the private radio-data field, will allow RWE to establish a nationwide infrastructure by 1997.

RWE has energy interests in Laubag, east Germany's largest lignite, or brown coal fields, and Veag, the region's main utility and electricity grid. Since 1990, RWE has already invested more than DM2.9bn in east Germany.

### **Barry Riley**

was partly intended to reassure

### There's no such thing as a free risk model



and the financial press has scented plenty of interesting copy in the derivatives markets. Troubles have afflicted both the financial institutions which originate derivatives - most notably Kidder Peabody - and a range of hapless clients ranging from Procter & Gamble to Glazo Holdings and from Metallgesellschaft

Writing off the odd \$100m to experience can be painful, but the more important question is whether there is a serious risk to the stability of the financial system as a whole. The subject was explored in depth at a conference on financial fragility which I attended in Maastricht, the Netherlands, last month. The general conclusion of the conference, which was organised by the Limburg Institute of Financial Economics (part of the University of Limburg) in collaboration with Ernst & Young, was inevitably open-ended: no, but . . .

A positive view, for instance, was expressed by Jerry Jordan, president of the Federal Reserve Bank of Cleveland. Risks are fundamental to the financial system, and derivatives are used to redis-tribute them. If the overall effect is to reallocate risks to those market participants best placed to handle them, the result should

be a more robust system. Significantly, newspapers which headline spectacular losers never inquire about the corresponding winners - of which there must be some, given that Risk relates to events which, the derivatives business is a zero

Other people's sum game. Often, of course, the disasters make gains will be thinly spread across gains will be thinly spread across many direct and indirect counterparties. But the point is that such profits serve to strengthen the rest of the system.

Such arguments are damaged if too many corporate treasurers blunder into half-understood contracts, under heavy selling pressure. There is an expensive learning curve here. We have seen evidence, too, of over-concentra-tion of risk, among hedge funds, so that market risk may be transformed into credit risk.

It is possible to learn from past mistakes, more tricky to guard against truly uncertain events

The banks have responded to the growth of derivatives by developing highly complex risk models, designed to minimise the levels of prudential capital, while satisfying the regulators about their security. Curiously, J.P. Morgan, an

industry leader, decided two weeks ago to issue a version of its proprietary risk management model Risk-Metrics free of charge. At the Maastricht conference Andrew Crockett, general manager of the Bank for International Settlements in Basle, was especially cautious about the impact of shocks. He pointed out Frank Knight's 1921 distinction between risk and uncertainty.

castable, follow a probability distribution and can therefore be modelled and provided for. How ever, uncertainty is unpredict-

able and undiversifiable Although Crockett did not say worrying about the robustness of the banks' risk models, which depend upon historical correlations and volatilities. That doom-ster, Henry Kaufman, dwelt on this very theme in a speech in Florida on Monday, warning that such models were untested in any number of difficult scenarios, "most importantly a period of extreme monetary policy strin-

Crockett says past examples of financial fragility have often related to mispriced risk, produc-ing bandwagon effects in Third World debt or real estate lending. At least it is possible to learn from such mistakes. It is more tricky to assess the necessary safeguards against truly uncertain events such as political upheavals or natural disasters.

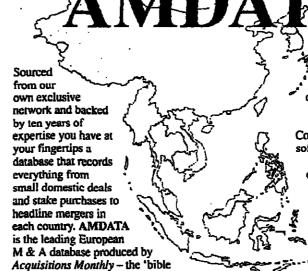
This year's global bond market crash has been the worst for many years. The turbulence has not strictly speaking been the result of uncertainty, since the US Federal Reserve's decision to raise short-term interest rates last February was scarcely unpredictable. But the implication is that market participants have been able to take everlarger bets on future trends. The vulnerability to external shocks may have been increased by the wider use of derivatives.

Andrew Crockett did not wish to cry wolf. But he was reluctant to assume that the next crisis would be just one more 1987-style

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#### INTERNATIONAL COMPANIES AND FINANCE

### Ras to raise L2,300bn to finance Elvia acquisition

By Andrew Hill in Milan

Riunione Adriatica Sicurtà, the Italian insurer controlled by Allianz of Germany, is to raise at least L2,300bn (\$1.5bn) with an issue of shares and bonds at a deep discount to the market

The capital increase will pay for its acquisition of Elvia. Switzerland's fifth-largest insurance company, which should be completed next year.

Allianz, which controls just over 50 per cent of Ras. announced at the end of last month that the Italian insurer would buy a 60 per cent stake in Elvia from Swiss Reinsurance, the world's second largest reinsurer. Swiss Re is selling its non-core businesses. Under its operating accord with Allianz. Ras is responsible for the insurance activities in

**BCP** earnings

drop 9.7% at

Banco Comercial Portugues,

Portugal's fifth-largest bank, yesterday reported a 9.7 per

cent drop in nine-month net

income to Es13.2bn (\$86.3m)

from Es14.6bn in the same

The bank attributed the slide

to a sharp decrease in profits

from trading activities as a result of lower interest

rates on bond and money

In spite of a slowdown in

credit and deposit growth in

Portugal due to recession,

BCP's net assets grew 17.9 per cent to Es2,052bn compared

with the first nine months of

Total deposits rose 17.5 per

cent to Es1.635bn but credit to

customers grew only 2.6 per

Cash flow increased 3.9 per

BCP's hostile bid for a con-

trolling stake of 40 per cent of

Banco Português do Atlantico,

Portugal's second-largest bank,

was vetoed by the government

cent to Es817bn.

cent to Es45.9bn.

in September.

nine months

By Peter Wise in Lisbon

period last year.

Switzerland, Austria, Portugal and Spain. Although the capital

increase was expected, the timing, with Italian and world markets depressed, hit the Ras share price. Ordinary shares in the company fell 5.6 per cent to L17,882, compared with an opening price of L18,949 and an offer price of L12,000 a share. Allianz has indicated it will underwrite its share of the cap-

ital increase Mr Attilio Lentati, managing director of Ras, said if the group had waited for more pos-itive markets, it might have lost the opportunity to expand its Swiss operations. "The operation in Switzerland presented itself as an investment opportunity, and we were the logical partner," he said.

In the first stage of the Elvia acquisition, Ras will acquire

moves to alter bank Swiss Re's 60 per cent stake, and then launch a full bid for the outstanding shares. The group yesterday estimated the

SFr2.22bn (\$1.72bn). Ras will raise L1,150bn with an Issue of 77m ordinary shares and up to 42.3m savings shares priced at L12,000 and L7,000 respectively, on the basis of two new shares for every five held. A further L1,150bn will be raised for Ras with the issue of three-year bonds by Mediobanca, the Milan bank which specialises in medium- and long-term corporate lending, offered to Ras shareholders on the same basis and at the same price as the

overall investment at

Warrants attached to both the shares and bond issues could raise L570bn when converted into Ras shares in 1997.

### strategy By Anthony Robinson,

EBRD in

The European Bank for Reconstruction and Develop-ment (EBRD) is shifting away from loan finance to a greater use of equity products, whole-sale banking and trade finance. Mr Jacques de Larosiere, the hank president said

The restructured bank was becoming more of a wholesale banker by lending and investing large sums of capital in local banks and training staff, he added at a meeting organised by the Royal Institute for International Affairs but hosted by the Bank of

Since 1991 the bank has approved lending and investments of more than Ecu750m (\$922.5m) to 40 banks in 14 countries and approved an additional Ecu225m of equity to 21 investment funds. These two activities accounted for more than 20 per cent of the bank's committed portfolio of 221 board-approved projects in 21 countries at end-September. Mr de Larosiere added.

The EBRD began by taking a 28.5 per cent equity stake in Poland's Wielkopolski Bank Kredytowy for \$12.7m in April last year. Its most recent banking foray was last month's \$35m investment for 14 per cent of Russia's Toko-

Since the resignation of Mr Jacques Attali last year the new president has pushed through cost-cutting and organisational changes which created a banking group organised into specific country teams. Over 40 bankers have been relocated from the London head office to 14 resident offices.

The EBRD annual meeting in St Petersburg in April committed it to projects in all 25 of the states emerging from the collapse of the Soviet empire. "This means smaller loans, more risk and a greater use of credit lines, bank-tobank loans, equity funds and direct equity investment in financial intermediaries." Mr de Larosiere said.

#### The McDonnell Douglas chief knows how to gamble, says Bernard Gray arry Stonecipher likes to play cards. "Poker and gin rummy - gin rummy is a good game," he smiles. Unfortunately, poker sessions these days are a little "It's difficult to get five or six people together for a game, but a group of us do tend to play poker in hotel rooms after aerospace association meetings and conferences." Mr Harry Stonecipher, the new chief executive of McDon-nell Douglas, will have less time for cards in smoke-filled convention rooms, but he may still play several difficult busi-ness hands there. The US defence industry has been consolidating rapidly as military spending has plum-meted. The challenge is to rationalise in the face of far lower production runs.

Stonecipher plays a difficult hand

Harry Stonecipher: 'getting the C-17 right is my top priority'

over the door. He is neither a McDonnell nor a Douglas - he is an outsider. He will have to win the backing of the board and the workforce for changes, without the benefit of a lifetime of McDonnell Douglas

company politics. However, he is cheerfully upbeat about prospects. "This

the US government and potential overseas buyers that McDonnell's current technology is a better bet. To do that the company is evolving its designs and introducing smallbatch manufacturing techniques to cut the cost of each

An F-15 costs about \$45m. If

'We are financially stronger and looking for partners in Europe and the Pacific rim who can give us access to markets'

company has a great portfolio of products, the Apache [attack helicopter], the F-15 and F-18 [fighters] and the Delta [rocket], they stand us in good stead. I would rather have existing products which we can develop and make more affordable, than very expensive future programmes which stand a good chance of being

being cancelled outright."

that could be cut to \$35m. it would look very attractive against projections of \$165m for each F-23 - an estimate that analysts think will rise.

Mr Stonecipher has short-term objectives, or "must-wins" in the jargon. "Getting the C-17 right is absolutely my top priority...we must make the aircraft affordable and deliver it on time. I am looking for many more

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experience will help us stay ahead of the competition.

we do best - condoms and surgical gloves.

than 40 aircraft for the USAF and if we can get its cost below \$200m each, then I think there are substantial export opportu-

For the C-17, the crunch comes next July when a month-long trial, partly in simulated war conditions, will determine whether the programme lives or dies.

The other short-term priority is the civil division, Douglas Aircraft. It is limping behind Boeing and Airbus, and Mr Sto-necipher is looking for strate-gic alliances – "but not for financial reasons like the deal with Taiwan", a proposed joint venture which eventually fell apart. "We are financially stronger now and are looking for partners in Europe and the Pacific rim who can give us access to markets," he says.

That increased financial strength may also increase the potential for acquisitions. But have all of the best opportunities already gone?

Buying Boeing's defence husiness would make sense. It would give McDonnell a stake in the F-22 and consolidate two of the players in the splintered helicopter industry. But Boeing has little reason to sell. Northrop Grumman may be too large to swallow and faces a similar shortage of new products. Lockheed has married another

If McDonnell's board has any worries that it has missed out, Mr Stonecipher betrays no sign of them. He is a cheerful and engaging character, a trait which plays well to the work-force. The habit of wandering in to talk to the 5.30am shift also encourages the image of a man of the people.

Mr Stonecipher has the great advantage that much of the worst bloodletting has already been done at McDonnell.

With the workforce down to 65,000 from 135,000 in three years, and the C-17 and commercial aircraft operations back on an even keel, the new chief executive can afford to talk of motivation and building

However, the challenge for his tenure, is to bluff his way out of a strategic problem with a hand which has weakened. against other companies which have drawn some good cards.

# Wolseley rises 67%

Wolseley, the world's biggest supplier of heating and plumbing equipment, lifted annual profits 67 per cent after a strong performance from all its divisions, coupled with good contributions from acquisi-

Pre-tax profits for the year to cent from £2.49bn to £3.25bn.

Mr Jeremy Lancaster, chairman and managing director, said the results from the divisions across Europe and the US had an element of Alice in Wonderland - "everyone has won and everyone deserves

The biggest gain came from the US, where profits from building distribution leapt to £86.8m from £47m on turnover which rose to £1.72bn from £1.21bn. The first full contribution from Erb Lumber, acquired last September, was

# as divisions flourish

By David Blackwell in London

the end of July were at the top end of analysts' expectations at £202.3m (\$319.63m), up from £121.1m. Turnover rose 31 per

Mr Lancaster said that Erb and Carolina Builders, both

lumber distributors, had been

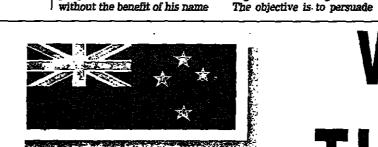
"on a roll for two years" with 30 per cent per annum sales growth. In Europe profits from building distribution improved to £31m from £57.1m on sales of £1.14bn, compared with £1bn. The UK, where the group has

444 outlets, performed strongly, but Wolseley warned that economic recovery in the UK was fragile, and it was impossible to predict the housing market.
The manufacturing division

lifted profits to £36.6m from £26.8m on turnover of £390.3m compared with £278.5m. This included a good first full contribution from Enertech, the Swedish oil- and gas-burner manufacturer. Net debt at the end of the year fell to £56.3m, compared

with £62.3m, leaving gearing at 10.1 per cent from 14.7 per cent. Earnings per share were 50.77p, against 33.60p. A final dividend of 12p a share is proposed, taking the total for the year to 16.72p. The board is also proposing a one-for-one

A STATE OF THE PARTY OF THE PAR



Even big companies such as IBM and Ford have sold their

defence arms. General Dynam-

ics has dismembered itself at

auction and Lockheed and

Martin Marietta have merged.

stand apart from such deals.

Its finances were too weak for

the company to become a buyer, while pride prevented

The result is that the once

unrivalled group is steadily

being caught. Its policy of

splendid isolation may not be

McDonnell is constrained by

its mix of products. New air-craft are the lifeblood of the

aerospace business, vet

McDonnell has no part in the

\$71bn F-22 next generation

Some of its aircraft are get-

ting long in the tooth: the F-15

is the company's top fighter,

but it first flew in the early

1970s. The only new military

aircraft McDonnell has is the

C-17 transporter, which is late

and heavily over-budget.

McDonnell has already writ-

ten off about \$1bn in cost over-

runs on the C-17. Production

may be stopped at 40 aircraft

next year unless deliveries

speed up and the price tag

drops from the current \$280m

Mr Stonecipher is the first

person in the history of the St

Louis-based aerospace com-

pany to be chief executive

without the benefit of his name

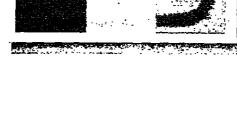
fighter for the US air force.

an option for much longer.

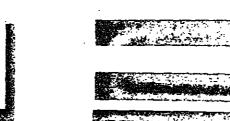
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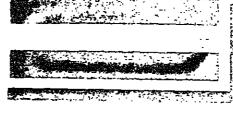




















products are growing.





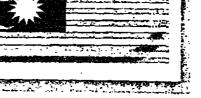
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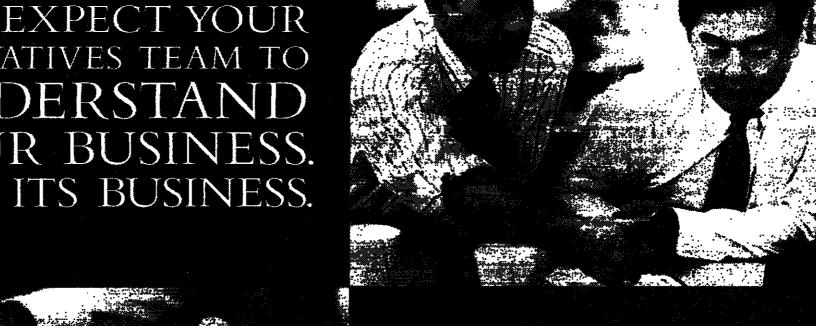
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toll on

Kemper

losses take

Kemper, the US financial

services group which has

agreed to a takeover by life insurance group Conseco, reported third-quarter operat-

ing earnings of \$32.7m on its

continuing operations, which before one-off factors were flat

Mr David Mathis, chairman

said the earnings partly reflected the "unusual condi-

tions" and "overall distrac-

tion" of the third quarter,

when the company agreed to a

deal with Conseco to fend off a

The figures included a \$40m

investment loss from the sale

of corporate bonds and collat-

derivative-type securities which have caused losses at

several US financial institu-

\$162.4m, or \$3.63, reflected a

number of one-off factors.

By Laurie Morse in Chicago

3M. the Minnesota-based

adhesives manufacturer, said

net income rose to a record

\$341m, or 81 cents a share, in

the third quarter, up from

\$316m, or 73 cents, in the year-

earlier period. Sales rose to

\$3.8bn from 3.5bn and operat-

ing income increased to \$574m

For the first nine months,

3M had net income of \$990m,

or \$2.34 a share, on sales of

\$11.2bn. That compares with income of \$997m, or \$2.24, on

sales of \$10.5bn a year ago.

Demand for

sheet steel

lifts Stelco

Strong demand for sheet steel

from the North American car

industry is fuelling a turn-round at Stelco, one of Cana-

da's two biggest steel makers.

Third-quarter net profits

were C\$350m (US\$261m) or 48

cents a share, up from C\$2m,

equal to a loss of 2 cents a

share after preferred divi-dends, a year earlier. Sales

were C\$682m, up 11.5 per cent.

Average revenue per tonne shipped was C\$636 against

Nine-month net profit was C\$66m, or 57 cents, against a

loss of C\$59m, or 74 cents,

Sales were C\$2.05bn, up 14 per

(FFr billion)

Construction

Other activiti

Het profit

Total Group furnitus

in FFT intitled

cent

tions this year.

lower commissions.

ed mortgage obligations,

hostile bid from GE Capital.

compared with a year ago.

### Nortel benefits from restructuring

By Bernard Simon in Toronto

Northern Telecom, the Canadian telecommunications equipment maker, is starting to see the benefits of its restructuring and growing exposure to overseas markets. Highlights of the Toronto-

based company's third-quarter earnings included a 2 per cent improvement in margins, and a rising share of the market for office switchboards (PBXs). Revenues grew by 6 per cent, in spite of the disposal of several businesses last year and a

Noranda posts

Buoyant metal, wood pulp and

natural gas markets helped

propel Noranda, the Canadian

resources group, to a strong

trolled by Toronto's Bronfman

family, had earnings of C\$78m

(US\$57.7m), or 35 cents a share,

compared with an C\$8m loss,

or 8 cents. Revenues climbed to

The mining and metals divi

sion, which includes a 46 per cent stake in Falconbridge, the

nickel producer, earned C\$62m,

compared with a C\$10m loss

Mine production has returned to "expected levels", and refi-

neries and smelters are run-

Earnings at Noranda Forest

rose to C\$28m from C\$10m.

Pulp operations were profitable

for the first time in two years,

boosted by strong markets for

Oil and gas income fell to

C\$11m from C\$16m, with

higher gas prices and oil vol-umes offset by lower oil prices

ning close to full capacity.

lumber and panelboard.

and gas shipments.

The group, which is con-

third-quarter turnround.

C\$1.8bn from C\$1.29bn.

third-term

turnround

By Bernard Simon

substantial decline in revenues from Canada.

Net earnings were US\$56m. or 22 cents a share, compared with a loss of \$35m, or 13 cents a share, a year earlier. Earnings were boosted by a \$43m. one-time jump in investment

Revenues advanced to just over \$2bn from \$1.88bn. Northern told analysts yesterday that revenues would have risen by 14 per cent if divested busilesses were included. New orders in the quarter

RJR Nabisco's earnings

bounced in the third quarter,

marking a recovery from the

price war that rocked the US

The group also recorded con-

tinuing advances in sales in its

international tohacco husiness.

particularly in Eastern Europe,

The rebound in earnings, to

11 cents a share from 4 cents a

year ago, met market expecta-

tions. It comes as Kohlberg

and in US biscuit sales.

tobacco industry a year ago.

By Richard Waters

a year earlier. "We don't view this with any alarm," a Northern official said. Customers have indicated that their order cycles are shortening. The company forecast higher orders in the traditionally strong fourth quarter.

The improved margins were ascribed to cost cutting, and to a more profitable product mix, such as high-margin PBXs. Northern told analysts that catch-up work on its transmission software was now a week

ahead of schedule. Delays in this area contributed to a slide

Kravis Roberts, an investment

firm, is seeking to use part of

its RJR stake to buy Borden,

Overall operating profits rose by \$248m to \$835m. US

tobacco operations, which

earned \$382m, accounted for

The recovery stemmed in

\$181m of this improvement.

another food group.

The shares were down 50 cents at C\$48.50 in early trading on the Toronto stock exchange, compared with last year's low of about C\$30.

last year. But its share price

has recovered sharply since

One analyst said that he was encouraged by Northern's growing emphasis on broad-band "information highway" products and on fast-growing overseas markets, such as Latin America, China and

Recovery at RJR Nabisco

12 per cent increase in international tobacco revenues. Operating earnings in the food businesses reached \$285m, up from \$230m, as North American earnings were boosted by higher sales at Nabisco. The company claimed 47 per cent of the US cookie and cracker mar-

was the main factor behind a

ket during the period. Overall net income was \$216m on sales of nearly \$4bn, compared with \$76m on sales

part from a 5 per cent increase in sales, as RJR switched its product mix towards highervalue brands like Winston, Camel and Salem.
Sales growth in Russia and

### Baxter lowers sales forecast

Baxter International, the US

The company said the outlook for the US healthcare market meant it would not reach its forecast of growth "in the high single digits". It added, however, that it would still

per cent of the hospital market in the US, their cost-cutting efforts have forced non profitmaking hospitals to scramble to catch up.

healthcare market were evident in Baxter's third-quarter results, which showed a small decline in sales in medical and laboratory products, and distribution, to \$1.4bn.

Sales of medical specialities, however, rose 12 per cent to

#### meet earnings targets by hold-By Richard Waters ing down costs. Baxter, like other hospital

medical supplies and healthcare group that completed a financial restructuring a year ago, said yesterday that future sales growth would fall short of its earlier expectations.

suppliers, faces pressure from big private hospital groups like Columbia/HCA and National Medical to cut prices.

Although investor-owned companies account for only 14

The pressures in the US

Record net income of \$341m at 3M

After-tax income rose 10 per cent to \$149m, in line with expectations, on a 4 per cent rise in sales to \$2.3bn. Earnings per share were 53 cents. up from 49 cents.

All of these securities having been sold, this announcement appears as a matter of record only

7,500,000 Shares

### CLEARNET \*\* Clearnet Communications Inc.

Class A Non-Voting Shares

Joint Global Coordinators

Nesbitt Burns Inc.

Prudential Securities Incorporated

United States Offering -3,000,000 Shares

These shares have been distributed in the United States by the undersigned.

Prudential Securities Incorporated

PaineWebber Incorporated

Smith Barney Inc.

CS First Boston Bear, Stearns & Co. inc. Dean Witter Reynolds Inc.

Alex. Brown & Sons

**BT Securities Corporation** 

Dillon, Read & Co. Inc.

A.G. Edwards & Sons, Inc. Goldman, Sachs & Co. Hambrecht & Quist Merrill Lynch & Co. **Lehman Brothers** 

Donaldson, Lufkin & Jenrette

Morgan Stanley & Co.

Reinheimer & Company Inc. Cowen & Company

Kidder, Peabody & Co. Oppenheimer & Co., Inc.

Gerard Klauer Mattison & Co., Inc.

Janney Montgomery Scott Inc. Morgan Keegan & Company, Inc.

Gabelli & Company, Inc.

Crowell, Weedon & Co. Legg Mason Wood Walker

Fahnestock & Co. Inc. McDonald & Company

Raymond James & Associates, Inc.

Needham & Company, Inc. Rauscher Pierce Refsnes, Inc. The Robinson-Humphrey Company, Inc.

Unterberg Harris

Wheat First Butcher Singer Pennsylvania Merchant Group Ltd

Canadian Offering~3,000,000 Shares These shares have been distributed in Canada by the undersigned.

Nesbitt Burns inc.

**RBC** Dominion Securities Inc.

Midland Walwyn Capital Inc.

First Marathon Securitles Limited

**Triion Securities Corporation** 

International Offering -1,500,000 Shares These shares have been distributed outside the United States and Canada by the undersigned.

Prudential-Bache Securities

Nesbitt Burns Inc.

PaineWebber International Smith Barney Inc.

**RBC** Dominion Securities Inc. First Marathon Securities Limited

### **NEWS DIGEST**

### French insurance group to open Beijing office

Union des Assurances de Paris, one of France's largest insurance groups which was privatised earlier this year, is planning to begin commercial operations in China over the next few months, writes Andrew Jack in Paris.

Mr Jacques Friedman, chairman, said yesterday he hoped to open a representative office in Beijing by the end of the year and was interested in establishing a joint venture in the

UAP has just completed the final part of its strategy of building a comprehensive network across Europe with the acquisition last month of Provincial the privately-held UK general insurance company.

The company had chosen Beijing over

Shanghai and other larger business centres because decisions about insurance are still highly centralised in the capital. He said UAP was consolidating its many

recent acquisitions in other countries, rather than looking to further international expansion. This, however, excluded Asia where there was tremendous potential growth. Several insurance companies have been

starting ventures in China over the past few months, including Axa of France and Prudential of the IIK. This month, the People's Bank of China,

Results were also hit by a \$3m loss in the company's which is responsible for regulating the insurance industry in the country, indicated it would speed up applications by foreign insurers because its domestic industry could not broking business, reflecting Overall net income was 317.5m. or 34 cents a share. A meet demand. year ago, net income of

#### Intel subsidiary signs pact with Chinese group

A unit of US chip maker Intel signed a co-operation pact with Jitong Communica-tions, an information and telecom vendor under China's electronics ministry. Reuter reports from Beijing.

The deal involves Jitong opening an exhibi-tion centre in Beijing this year to show Intel networking and personal conferencing prod-ucts. It will later be contracted as an authorised dealer for those products.

Intel indicated the Jitong pact would lead to lucrative contracts in China's national data

network development. Jitong is seen as an importua t contractor with China's so-called Three Goldens - an urban digital network, dubbed Golden Bridge, which is being built; a national smart card credit clearing network, called Golden Card; and a unified customs administration network, called Golden Customs.

### Morgan Stanley opens office in China

Morgan Stanley, the US investment bank, yesterday opened a representative office in Bei-jing as part of a widening involvement in China, writes Tony Walker in Beijing. The Morgan Stanley Group also convened a

meeting in the Chinese capital of its "inside board" to discuss business opportunities in the Asia-Pacific region. This followed an announcement on Monday that Morgan Stanley and the People's Construction Bank of China had formed China's first investment hank to facilitate capital raising for Chinese

infrastructure. Mr Richard Fisher, chairman of Morgan Stanley, said the bank was devoting more resources to China because the country had ecome "an extremely important component in Morgan Stanley's strategy for future

### Wilhelm Wilhelmsen up sharply at eight months

Wilhelm Wilhelmsen, the Norwegian shipping group, reported a sharp rise in eight-month pre-tax profits, before minority interests, to NKr398m (\$61m) from NKr98m, writes Karen Fossli in Oslo. The group booked a currency gain of NKr98m, against a loss of NKr38m last

year, and benefited from a NKr180m gain on the disposal of its shareholding in the Polar 25人 《短貨糧

Pioneer drilling rig. Freight income for the period was unchanged at NKr2.39bn but operating profit, before depreciation, slipped to NKr49m from NKr469m.

Wilhelmsen Lines, in which the group holds a 55 per cent stake, continued to develop positively but tanker activities suffered from adverse market conditions. The car transport business, however, strengthened during the

second four-month period. second four-month period.

The shipowner said business activities, other than tankers, would develop steadily during the remainder of the year but warned that because of considerable uncertainties over the development of the tanker market it might be forced to write down the book value of one of

#### Goodyear earnings at top end of forecast

Share price (\$)

Third-quarter earnings at Goodyear, the US tyre maker, reached \$1 a share in spite of a fall in profit margins. The figure was at the top of the earnings range forecast by the company a fortnight ago, writes Richard Waters. Operating income in the tyre business fell \$11m from a year ago, to \$250m, while sales grew from \$2.5bn to \$2.7bn. The company

blamed the decline in margins on pressure to hold down prices, higher rubber costs and the effects of Brazil's new economic adjustment plan.

After the end of the quarter, Goodyear imposed price increases of between 3 and 4.5 per cent.

Income in the general products segment fell \$16m to \$31.3m, while oil transportation rebounded from a small loss to a \$7.9m profit. However, due to a \$32m fall in overhead and interest costs, overall net income rose 11 per cent to \$151.3m, on sales up 7 per cent.

#### RC Cement owners to place 28% on NYSE

The Italian owners of RC Cement, the US cement company, are to place 28 per cent of the company on the New York Stock Exchange next month, writes Andrew Hill in

The company's controlling shareholders Unicem, the Italian cement business which is part of the Agnelli family's empire, and Italcementi, Italy's biggest cement manufacturer - will place 4.125m shares on the market, raising between \$66m and \$78m.

Unicem owns 66.7 per cent of RC Cement, and Italcementi the rest, but after the placing, which is being handled by Lazard Frères, the French bank, their stakes will drop to 48 per

cent and 24 per cent respectively.

This year, RC Cement is expected to report turnover of \$160m. In the first nine months of this year, Unicem said the US company increased sales by 24 per cent to \$125m, due to a recovery in cement consumption in the US,

### All divisions contribute to Pepkor advance

Penkor, South Africa's largest retail group, reported a 28 per cent rise in profits before extraordinary items to R62.5m (\$15.6m) from R48.7m on the back of good results from all its divisions, writes Mark Suzman in Johannes burg. The group, which includes flagship Pep stores, supermarket chain Shoprite and unlisted clothing stores Ackermans and Stuttafords, increased turnover to R4.51bn from R3.8bn.

Operating profit grew 16 per cent to R115.1m from R98.9m, while tax paid rose to R33.9m from R27.1m. The dividend was raised to 10 cents a share from 8.5 cents and is covered 3.5

**BOUYGUES** 

The Board of Directors, meeting on 18 October 1994 under the chairmanship of Martia Bouy, reviewed the Group's position at 30 June 1994 and the prospects for the current year.

ACTIVITIES AND RESULTS AT 30th JUNE 1994 1993 52.2 25.7 24.8 1.6 4.6 9.8 9.9 19.8 37.1 37.0 75,6 61.2 33.6 29,3

79

. 53 j

The turnover of TF1 is included in the 1994 consolidated turnover as Bouygues increased its holding in TF1 at the beginning of 1994. Excluding TF1, the consolidated turnover for the first half of 1994 would have been FFr 29.3 billion which is the same as 1993. In the Construction sector, the improvement in the economic situation perceived in the first half of 1994, has not yet had a positive impact on

The Property Division continues to adjust to market conditions and her reduced its level of activities.

The tumover of international operations was maintained despite the despite the As in provious years, the profit of the 1st half was influenced by the seasonal nature of Cartain Group activities.

1994 PHOSPECTS . 522. 436 192

The level of the decides believing the cause that 1994 will have a total Group transver of FET 76.5 fillion. The consolidated turnover should exceed FECOSINION Employer. It is forecast consolidated turnover is stellar to the 1893 inchorar. The principal event of 1994 was popyrious talescen being granted the build public blischoites in Panse. His entry into a sector that promises what makes approximate a further step in the demograph of the first principal of the first principal of the principal o

ununagement of public services carbons, now have solds forment THE ANGEL THE SECOND SECOND SECOND OF FEET TO SECOND SECON



October 1994



#### INTERNATIONAL COMPANIES AND FINANCE

# Mixed quarter at US energy groups

By Richard Waters in New York

Texaco, the US energy group, reported higher operating earnings for the third quarter as a recovery in its international exploration and production business more than made un for the industry-wide slip in downstream refining and mar-keting profits in recent

Chevron, meanwhile, saw operating earnings drop in both upstream and downstream operations.

Earnings reports from the big US oil groups this week have generally reflected an increase in earnings from exploration and production on

Shell Canada

ahead sharnly

at nine months

By Robert Gibbens in Montreal

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the back of higher oil prices. Profit margins from relining and marketing, although below the high levels of a year ago, have caused less damage to earnings than generally expected, giving a fillip to oil

Texaco's shares climbed \$11/2 to \$63% yesterday morning, while Exxon was up \$1% at

Shares in Mobil, meanwhile, jumped by \$2% to \$83%, following an announcement that the company was moving ahead with a restructuring programme to reduce costs.

At Texaco, international exploration and production profits rose to \$83m from \$15m a year ago (before one-off items). This was due to higher production of both oil and natural gas in the UK sector of the North Sea, lower exploration expenses and higher oil prices, the company said. Upstream

\$138m to \$127m. Marketing and refining profits, meanwhile, slid from \$200m to \$167m.

After one-off items in both periods, Texaco reported net income of \$281m, down from \$317m in the 1993 period. At 98 cents a share, earnings were well ahead of most forecasts. Chevron, meanwhile, said

earnings in upstream operations fell from \$332m to \$255m in the latest period,

recorded a fall from \$243m to \$163m (all figures are before one off items).

Although operating earnings rebounded from the second quarter, benefiting from higher income in the US slipped from refined product margins in the US and the absence of refinery operating problems, overall profit margins fell short of the strong 1993 third quarter, said Mr Ken Derr, chairman and

> One bright spot was provided by Chevron's chemical business, which reported earnings of \$68m, up from \$6m a year ago. Net income overall was \$425m, or 65 cents a share. compared with \$420m, or 64 cents a share, in the 1993

### Sandoz sales growth held to 3% by strength of Swiss currency

By Ian Rodger in Zurich

Strong domestic and export Sandoz, the Swiss pharmamarkets for chemicals, oil and centicals, nutrition and cheminatural gas and sulphur cals group, said consolidated prought a sharp turnround in sales rose only 3 per cent in Shell Canada's third-quarter the first nine months of the and nine-month results. year to SFr11.89bn (\$9.53bn), Net profit in the third quarter was C\$89m (US\$65.81m), or with reported growth restrained by the strength of

79 cents a share, up from the Swiss franc. C\$im, or 1 cent (after a C\$32m special charge), in the 1993 period. Revenues for the company, a subsidiary of the Royal Dutch Shell group, were C\$1.35bn against C\$1.17bn. Nine months' profit was

C\$217m, or C\$1.93, up from C\$13m, or 11 cents, on revenues of C\$3.7bn against C\$3.48bn. Cash flow from operations was C\$561m against

The resource sector provided most of the gain, but refining margins recovered and a sharp rise in contributions from chemicals came mainly from stronger styrene prices.

 Canada's biggest integrated oil company Imperial Oil (70 per cent owned by Exxon of the US) posted third-quarter net profit of C\$171m, or 88 cents a share, up from C\$84m, or 43 cents, a year earlier, with better upstream and downstream contributions. Nine months' profit was C\$258m, or C\$1.33, up 15 per cent from a year earlier. Revenues were C\$6.67bn, little changed.

sales were up 5.4 per cent at

Sandoz, which acquired Gerber Products, the leading US baby food supplier, for \$3.7hn in August, said group sales growth in local currencies was about 9 per cent. The group expected a "sound improvement" in operating income in

However, because of weaker financial income, it reiterated its earlier forecast that net income would only be at about last year's SFr1.7bn. In the third quarter, group

SFr3.67bn, with all of the increase coming from the inclusion of SFr190m from Gerber since August 25. Mr Raymund Breu, finance director, said the cost of the Gerber acquisition would not dilute earnings either this year

or in 1995. The nutrition division, into which Gerber has been integrated, saw its third-quarter

SFr719m. Mr Breu said if Gerber and two large aconisitions from last year were excluded the division was still growing at about a 6 per cent rate.

The pharmaceuticals division suffered a 2.7 per cent drop in sales in the third quarter to SFr1.79bn. But Mr Breu said the underlying trend was up 3 per cent in local curren-cies, slightly ahead of the industry average.

Sales in the agrochemicals division dropped 5 per cent in the third quarter to SFr175m but in the nine months this has been the group's fastest grated, saw its third-quarter growing division, with sales up sales soar 68 per cent to 10 per cent in local currencies.

### **Edgars earnings advance 25%**

By Mark Suzman in Johannesburg

Attributable earnings at

Edgars, the South African retail clothing group, grew 25 per cent for the six months to the end of September to R125.6m (\$35.8m) from R110.3m for the same period last

Sales rose 16 per cent to R1\_92bn from R1.65bn, an improvement due largely to the successful launch of new credit lines to consumers. Trading profit rose 15 per cent to R235.6m from R204.2m. while financing costs dropped slightly to R27.5m from

All the group's divisions performed well, with flagship Edgars contributing the bulk of sales. These improved 15 per cent, to R1.27bn from the R1.1bn reported last year. Jet, which is targeted at the lower end of the market, had a

very good half, raising sales by 30 per cent to R236.3m from R181.4m.

Sales House, the group's other leading division, raised

sales 12 per cent to R385.3m from R342.5m.

The group attributed the good results to the improved economic climate after the elections in April, and predicted that sales and profits for the full year would be broadly in line with the interim

The interim dividend was raised 24 per cent to 56 cents, but the group announced that this would be made in the form of a capitalisation share award unless shareholders requested

### MAN truck unit in red but sees profit ahead

By Kevin Done, Motor industry Correspondent

MAN Nutzfahrzeuge, the German truck maker, suffered a pre-tax loss of DM80m (\$53.44m) in the year to the end of June, but the company forecast yesterday that it would return to profit in the

Its profitability has declined during the past three years, with last year's loss following pre-tax profits of DM61m in 1992-93 and DM506m in

The group, the second largest German truck maker after Mercedes-Benz, has been hit truck market. It fell to a net loss in 1993-94 of DM97m from net profits of DM32m a year However, the company has

restructured and Mr Rudolf Rupprecht, chief executive, said yesterday that the group had been operating profitably in recent months.

Mr Rupprecht said that truck prices had dropped dramatically last year, cutting earnings by DM300m, while the drop in sales volumes cut profits by a further

MAN Nutzfahrzeuge, a subsidiary of MAN, the German engineering group, had reduced its overhead costs by DM100m last year, said Mr Rupprecht.

Production fell by 10 per cent to 32,500 - it has faller by 22 per cent from 41,600 in 1991-92 - while group turnover fell by 5 per cent to

MAN truck sales in west Europe declined by 15 per cent last year to 26,600 from 31,200 a year earlier reducing the group's market share from 14.8 to 13.8 per cent.

MAN is planning to re-estab-lish the production of trucks and buses in Turkey following the failure of an earlier venture. It is investing DM20m to acquire a 33 per cent equity stake and take management control of Manas, a company in which Isbank, the Turkish

### Telmex shares tumble as results disappoint market

By Damian Fraser in Mexico City

The stock price of Teléfonos de México (Telmex), the country's telephone monopoly and largest private company, fell sharply yesterday morning after it reported worse-than-expected net profits of 7.14bn pesos (\$2.09bn) in the first nine months of the year, an increase of just 1.5 per cent compared with the same period in 1993. Third-quarter profits rose by

5.5 per cent to 2.6bn pesos. Telmex "L" shares were down 6.9 per cent in late morning trading. The poor results,

Mexican companies, led to a 4.1 per cent fall in the Mexican stock market at mid-day.

The company's profits were dragged down by a 29.2 per cent rise in operating costs over the nine months, mainly accounted for by the increased cost of maintenance and the investment in substituting analogue lines with digital ones. The rise in costs caused the operating margin to fall to 41.7 per cent.

Financial costs were also up sharply, largely due to the depreciation of nearly 10 per cent of the peso against the US

dollar, which led to a reported exchange loss of 978m pesos. Overall the company posted a financial loss of 582.5m pesos in the first nine months of the

Revenues reached 21.37bn pesos in the first nine months of the year, an 11.8 per cent rise. The increase was attributed to the 12.4 per cent growth of lines in service and an increase in volume of long-distance and local telephone traffic.

Telmex's cellular subsidiary reported another strong quar-ter, with the number of users

### Cominco returns to the black

By Bernard Simon in Toronto

Cominco, the Vancouver-based metals producer, staged a strong turnround in the third quarter as zinc, lead and copper prices rose.

Recent performance has also been marked by "highly encouraging" exploration results in northern Canada, Turkey and Chile, which could shift the emphasis of Cominco's operations from lead and zinc towards copper and

reached C\$16.7m (US\$12.35m). or 20 cents a share, compared with a C\$70.2m loss, or 89 cents, a year earlier. Revenues climbed to C\$294.5m from C\$214m. Lead, zinc and copper prices

on the London Metal Exchange were respectively 8 per cent, 53 per cent and 28 per cent higher during the third quarter than a year previously.

Earnings were also boosted by higher production, including a 71 per cent jump in zinc Third-quarter earnings Dog mine in Alaska. Total

shipments of refined zinc rose by a fifth. The most encouraging exploration prospect is a wholly owned polymetallic deposit in

south-east Yukon. Cominco Resources International, its 56 per cent owned subsidiary, has announced "promising" results from a low-grade gold deposit in Turkey, and the discovery of two

ore bodies in Chile. Third-quarter exploration expenses were C\$5.5m higher than last year.

"significant" copper-bearing

### **Credit Suisse says profits** were lower in third period

Credit Suisse, the flagship bank of the CS Holding financial services group, said its pre-tax profits in the third quarter were hurt by unfavourable financial market conditions and "did not match the extremely good results" in the same period of last year.

No figures were given, but the comments in a statement indicated a continuation of the trend experienced in the first half, when the bank's consolidated profits before taxes and provisions were down 27 per cent to SFr1.76bn.

Moreover, there was a significant worsening of the bank's less than at the end of 1993.

commissions business due to sluggish securities turnover. At the halfway stage, commission income was up 10 per cent, but in the third quarter there was a "slight downturn". Net interest income was hurt

by narrower margins, especially in Switzerland, while trading income was "lower than expected". Credit Suisse Financial Products, the derivatives subsidiary, maintained its earnings at last year's "healthy" level.

Loan loss provisions were lower, but remained "relatively

At September 30, total assets stood at SFr231.9bn, SFr317m

#### Operating income climbs at US Steel

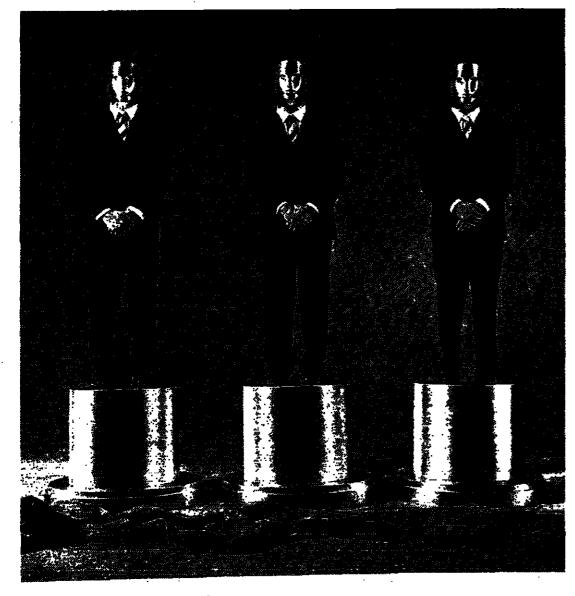
US Steel, the country's biggest steelmaker, reported a 40 per cent jump in underlying operating income in the third quarter as higher steel prices contributed to its continuing turnround, writes Richard

The company, part of the USX group, said operating income (before a \$13m gain from the sale of a coal seam) rose to \$93m.

This represented \$36 for each of the 2.6m tons produced, compared with \$27 a ton on production of 2.5 tons the year

Overall, US Steel's net income jumped \$57m, to \$90m.

Where Hollywood has Oscars, the banking world has Triple-A ratings.



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Banks are like movie theaters, they like to project a glossy image. But while a movie rating doesn't say much about a film, a credit rating is a key benchmark for the credit standing of a bank. The rating agencies base their assessments on different criteria but the top rating is always the same: Triple-A. The only thing better than AAA is ... two or three Triple-A's.

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you still have to play your part to perfection - which is the target we set ourselves each and every day. L-Bank, Schlossplatz 10/12, Telephone INT 721/150-0.

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### INTERNATIONAL PAPER

**Project Financing** 

**International Paper Company** 

International Paper - Kwidzyn S.A.

Kwidzyn, Poland

European Bank for Reconstruction and Development Loan

International Finance Corporation Loun

Overseas Private Investment Corporation Loan

Syndicated Bank Loan

Arranger J.P. Morgan Securities Ltd.

Co-Arrangers

European Bank for Reconstruction and Development International Finance Corporation

Lead Managers

Morgan Guaranty Trust Company of New York

Banque Nationale de Paris Crédit Lyonnais

Westdeutsche Landesbank Girozentrale

The Chase Manhattan Bank, N.A. Deutsche Bank AG Von Nach Drawb Cathernel Name

ABN AMRO Bank N.V.

Citibank, N.A.

Credit Suisse

**BBL** Ireland

Co-Managers

Managers

Kredietbank N.V. Rabobank Nederland

Société Générale

JPMorgan **EBRD** 

MHB Mitteleuropäische Handelsbank AC

IFC

August 1994

### INTERNATIONAL COMPANIES AND FINANCE

### Matsushita rises 26% at halfway

By Michiyo Nakamoto

Matsushita, the Japanese consumer electronics maker. reported a 26 per cent rise in non-consolidated recurring profits in the six months to September and said that fullyear results would be better than it had expected.

Recurring profits, before extraordinary items and tax. increased to Y37.4bn (\$385m) from Y29.7bn a year ago. helped by strong sales of air conditioners during an unusually hot Japanese summer and buoyant demand in overseas

The dividend is held at Y6.25. The profits rise came on higher sales of Y2.204bn,

clears way

merger plan

The Indian Supreme Court has

cleared the way for Hindustan Lever, the Indian affiliate of Unilever, the Anglo-Dutch

Mills Company (Tomco), a soaps and detergents

manufacturer which is part of Tata, India's largest industrial

The court rejected five petitions asking for special

leave to challenge the merger.

Hindustan Lever Employees'

Union, had taken the case to

the Supreme Court after the

The main petitioner,

mbine, to acquire Tata Oil

for Lever

By Shiraz Sidhva in New Delhi

against Y2,148bn last time. which the company achieved in spite of the sharp rise in the ven and sluggish economic activity in Japan. Operating profits nearly doubled to Y23bn, compared with

> Sales for the full year to next Y4,320bn. Recurring profits are forecast to reach Y85bn, up 33 per cent, and net profits are expected to be Y50hn, or 16 per cent up.

Y11.7bn previously.

product divisions showed a slight increase in sales in the

March are expected to rise 2 er cent to Y4,420bn instead of

However, this compares with recurring profits of Y276bn in Most of the company's main

latest period, with home con-

sumer products - such as air washing conditioners. machines and refrigerators recording the biggest rise of 10

per cent. The information equipment division also saw stronger demand particularly for cellular phones, home facsimile machines and CD-Rom drives. However, Matsushita's traditional audio-visual businesses continued to suffer a big fall in sales as consumers turned to

audio systems, many of which are made overseas. The group was particularly hurt by sharp declines in audio-visual equipment prices. Matsushita said. Prices of some products had fallen about 15 per cent in the video market

cheaper televisions, videos and

market.

Video sales were down 14 ner cent and sales of colour televisions were flat, in spite of the popularity of wide-screen televisions. Audio equipment sales

fell 4 per cent.

Matsushita continued to suffer the adverse impact of the yen's appreciation against the US dollar, which trimmed Y12bn off profits.

As a result of the yen's appreciation, cost savings of Yl2bn in the audio-visual divisions were more or less wiped out, the company indicated.

Overall, however, Matsushita was able to make cost savings of Y28bn through rationalisa

### Indian court Kubota refocuses computer side

Kubota is to restructure its computer-related business by largely withdrawing from

ifornia which has developed hardware, at the end of the year. This will result in a special loss of Y15bn (\$155m), but will not affect Kubota's forecast of parent net profit of Y19bn for the year to March 31 1995, the company said.

Kubota, Japan's leading manufacturer of farm

Bombay High Court dismissed its plea to block the merger in Employees' unions of both companies challenged the merger, after workers feared they would lose their jobs. They claimed the acquisition would allow Hindustan Lever

Indian soaps and detergents market. Hindustan Lever argued the combined output would account for only one-third of the 3m-tonnes-a-year Indian soaps and detergents market. Hindustan Lever's output is currently some 700,000 tonnes a year, while Tomco's is approximately 200,000

to control 90 per cent of the

Another objection concerned By Nikki Tait Hindustan Lever's proposal to sell shares to Unilever at a 'massive discount" in order to let the parent company retain a majority holding in the Indian unit.

The two companies had agreed an exchange ratio of shares of the merging companies, 15 Tomco shares for two of Hindustan Lever.

Hindustan Lever shares yesterday advanced Rs12.50 on the news to close in Bombay at Rs680, while Tomco advanced finish to at By Michiyo Nakamoto

hardware and putting more emphasis on software.

The Japanese parent com-pany will dissolve Kubota Graphics, its subsidiary in Cal-

equipment and iron pipes, diversified into the computer industry in 1986.

Yesterday, it announced a 13 per cent increase in mid-term parent recurring profits before extraordinary items and tax - to Y14.1bn from Y12.4bn in the corresponding period

Kubota's decision to pull out of workstation development and manufacture ends its eight-year struggle in an industry characterised by increas-

Kubota has been selling three-dimensional computer graphics workstations it has developed, but only about 8,300

three-dimensional graphics workstations at a time when it was still a niche market, but competition has since intensified with the spread of open

units have been sold in the

The company diversified into

past eight years.

restructuring effort since the new president took office last year with a particular emphasis on pulling out of lossmaking businesses.
In mainline business, Kubota

Kubota has been pursuing a

saw a better-than expected rise in profits on sales up 4 per cent at Y340.6bn, compared with a

### Hino Motors recovers sharply

By William Dawkins

Hino Motors, Japan's largest truck maker, yesterday announced a sharp profits recovery for the first half of the year and forecast more than doubled earnings for the fuli 12 months.

It reported a 39.1 per cent rise in recurring profit – before extraordinary items and tax to Y2.79bn (\$29m) in the six months to September. The group, 11 per cent owned

by Toyota, attributed the

demand from civil engineering companies, carrying out the public works funded by the Japanese government's economic measures. Tougher rules against over-

loading also added to demand for new trucks. Hino expects the profits improvement to accelerate in the current six months, this time helped by the steady

recovery of the domestic economy, so that 1994 will mark the end of a three-year profits

Interim turnover rose by 9.1 dividend of Y3 a share.

per cent to Y302bn, within which unit sales to the domestic market climbed by 20.2 per cent to 69,820 vehicles.

This more than made up for a 14.6 per cent decline in exports to 15,560 units, a mark of the damage inflicted by the yen's strength on Hino's overseas price competitiveness. Hino's net profits rose by

58.7 per cent to Y1.62hn, worth Y4.48 a share, up from earnings of Y2.82 a share in the first six months of last year. Hino will pay an unchanged

### Japanese sell-off flop prompts rail sale review

By William Dawkins

Japan's latest privatisation flop yesterday forced the government to review plans for the flotation next February of a state-controlled regional railway.

Mr Shizuka Kamei, transport minister, said he would decide next month whether to proceed with the privatisation of West Japan Railway (JR West), one of the six rail groups that were created by the 1987 break-up Japanese National

Railways.
He said the decisive factor would be the price performance of Japan Tobacco, the cigarette making monopoly, whose listing tomorrow has been marred by the fact that many private investors decided not to take

up their rights to buy shares. The finance ministry managed to sell just under 60 per cent of the shares in Japan Tobacco, after private investors baulked at the offer price of Y1.438m a share, which was set through a pre-offer auction institutions and rich individuals. It now plans to sell the unwanted shares in the new fiscal year, though Mr Kamei said yesterday that he still hopes to float JR West in

The Japan Tobacco flop has attracted widespread criticism of the method of pricing new issues via an auction to the richest minority of

in March.

the current fiscal year, ending

investors. This has prompted Mr Masayoshi Takemura, the finance minister, to launch a review of the method of pricing flotations.

 New Oji Paper, Japan's largest paper and pulp manufacturer, yesterday said parent recurring profits for the six months to September 30 rose 32 per cent to Y6.58bn (\$68m) from Y5bn in the corresponding period last year. Sales were 25 per cent higher at Y270.34bn.

### HK Futures Exchange plans contracts on two stocks

By Louise Lucas in Hong Kong

The Futures Exchange of Hong Kong yesterday announced plans to introduce futures contracts on two of the colony's biggest stocks, HSBC Holdings and Hong Kong Telecommuni cations.

The announcement sparked an immediate confrontation with the stock exchange, which had only been informed of the launch the previous day.

The Securities and Futures Commission (SFC), the colony's watchdog, approved the product and further agreed to honour the futures exchange's request for confidentiality view of the overriding public interest for ensuring that Hong Kong remains the primary market for trading Hong Kongrelated financial products. This meant there was no public consultation.

However, the SFC conceded that as well as competing with markets around the world, the two Hong Kong exchanges are

The stock exchange, which itself plans to introduce traded options on equities in the second half of next year, attacked the decision to do away with market consultation, especially given the worldwide perception that equities futures are high risk products.

A spokesman for the stock exchange said: "We had the experience in 1987 on futures products and the introduction of such a product [equity futures] would possibly increase volatility on the underlying stock, so we think the market should have been consulted."

Hong Kong has spent much of the post-1987 years rebuild-ing its international repute following the crash, which was exacerbated by a run on Hang Seng Index futures in the run-up to October and which saw brokers default to the tune of HK\$1.8bn (US\$233m), compared with a guarantee fund of

Mr Ivers Riley, chief execu-

in competition with each other. tive of the futures exchange played down risk management fears and said the instruments could decrease volatility because of their role in hedging. He also dismissed concerns that followed the launch of similar products in Sydney, saying the row there was essentially one over the regulatory scheme and who could

isunch the products.

"Risk management systems here are light years away from 1987; even so, there will be special provisions such as limiting the size of the position and

position reporting."

There will also be margin requirements, although these have not yet been set. Trading in the two new futures is expected to start before the

year end. The stock exchange is not convinced. "If you trade an option the liability is limited by the option price; the futures liability would be the value of the futures contract, which would be unlimited," an offi-

### Placer Pacific slips to A\$63m at nine months

Placer Pacific, the Australian listed mining company which is controlled by Canada's Placer Dome, yesterday reported nine-month profits of A\$63.7m (US\$46.6m) after tax, down from A\$72.5m in the corresponding period of 1993. Net profits in the third quarter alone were A\$22.4m this year.

The lower nine-month result. however, was due to the absence of last time's abnormal tax adjustment. At the pretax level and before outside equity interests, Placer Pacific made a profit of A\$112.9m in the nine months to end-September, up from A\$76.2m in the previous year. Placer, which has interests

in Granny Smith and Kidston goldmines in Australia and in the Misima and Porgera goldmines in Papua New Guinea, said the improvement was

largely due to lower operating costs and depreciation charges Its equity share of gold produc tion during the nine months was 576,564 oz, down from 616,886 oz in the first nine months of 1993. The average cash production cost for the period was \$262 per oz. Placer, which manages the

large Porgera mine, added that total production there was 742,083 oz during the nine months, down from 865,995 oz in the previous year. This was below expections, and full year production estimates have been revised to 1m oz. The production figure was dented by lower than anticipated ore pro-duction from the East Zone slopes, and the fatal explosion at the mine in August.

However, Placer said that development of the West Zones was now getting priority, to supplement mining production in the current quarter.

### **Better supply** helps Napocor climb strongly

Greater reliability of supply led to higher sales and a 567 per cent rise in net profits for the Philippines' state-run National Power Corporation (Napocor) in the first nine months of this

Last year the country was plagued by regular power cuts of up to 12 hours a day. But since then there have been far fewer breakdowns as the company has achieved reliability of supply and much improved power generation. Yesterday, the company

reported net profits of 5.23bn pesos (US\$207m) for the nine months. Revenues were up 31 per cent to 37.8bn pesos

Napocor, which still owns most of the country's powerplant capacity, reported an increase of 18 per cent in operating expenses to 28.6bn pesos.

### NBHP takes 14% stake in Dominion

NOTICE OF EARLY REDEMPTION

APASCO

Apasoo, S.A. de C.V.

US\$100,000,000 10% per cent. Guaranteed Notes due 1996 (the "Notes")

**PAYING AGENTS** 

Cribank, N.A., London office 336 Strand London WCZR 1HB Cittonk (Lovembourg) S.A. 16 Avenue Marie Thèrèse L-2132 Lovembourg Lovembourg

Hanwha Chemical Corporation

Notice

U.S. \$56,000,000

34 per cent. Convertible Bonds due 2006

(the Bonds )

North Broken Hill Peko, the Australian mining and equipment group which has been debt-free since selling its paper manufacturing and merchanting operations last year, yesterday announced that it had acquired a 14.9 per cent interest in Domin-

4.95 per cent holding was built up through market purchases "over recent weeks". A larger, 9.9 per cent interest was then bought from Gold Mines of Australia, a small mining company which earlier this year launched a bid for Dominion. North said that it had acquired the lat-

ion Mining, a smaller Western Australian

ter stake at GMA's entry cost of A\$19.4m up for an interest in the Vasilkovskoye (\$14.2m), or about 45 cents per Dominion gold project in Kazakhstan. (\$14.2m), or about 45 cents per Dominion

GMA decided not to press ahead with its A\$182m bid for Dominion last July, after the target company granted NBHP an option to take an 80 per cent interest in Dominion's A\$500m Yakabindie nickel project in Western Australia - a deal which saw Dominion's share price rise sig-

and disappointing operational and stock market performance.

also announced that they intend to team exchanges yesterday.

If a joint venture agreement is reached with the Kazakhstan authorities, Dominion would retain a minority position, and North would manage the interests of both companies.

However, NBHP yesterday played down suggestions that a full bid for Dominion

commonality of interests" between the two companies and was also designed to remove instability from Dominion's share register.

goldminer. The stake was purchased in two parts. A

was imminent. It said that the purchase "reflects the

nificantly. GMA's bid had been seen as an opportunistic move, which aimed to capitalise on Dominion's recent management upheavals

Since then, NBHP and Dominion have

Dominion shares closed 2 cents higher at 42 cents on the Australian stock

SOUTH

AUSTRALIAN

GOVERNMENT FINANCING

AUTHORITY

US\$500,000,000

Rate Notes Due 1996

Notice is hereby given that the rate of interest for the period

24th October 1994 to 23rd January 1995 has been fixed at 5%

per cent. Interest will amount to US\$I-0.61 per US\$10,000 Note.

US \$1.406.08 per US \$100,000 Note and US \$14,060.76 per US

\$1,000,000 Note, and will be payable on 23rd January 1995

Hambros Bank Limited

Agent Bank

against Coupon No. 3.

Guaranteed Floating

### **Compensation Scheme for Holders of** Banco Latino N.V. ("BLNV")

On August 19, 1994 BLNV has sold some of its assets to Sanco Provincial International N.V. ("BPI"), a credit institution established and licensed in the

receivable from Banco Latino S.A.C.A. ("BLCA") and the securities held by BLNV, the The compensation of the claims to depositors and other creditors including holders of

Claims will be compensated by means of five (5) Certificates of Deposit in

A special purpose investment fund, named "The Venezuela Recovery Fund N.V.", will issue share certificates in US\$ to all creditors of BLNV representing a

compensation ratio of approximately 28% of the original claim. Upon receipt of the amounts owed by BLCA to BLNV, BPI will issue additional Certificates of Deposit to the depositors and other creditors of BLNV representing approximately 7% of the original claim of the creditors.

Re 1) Certificates of Deposit issued by BPI. Holders of EuroCertificates of Deposit ("EuroCDs") and commercial papers guaranteed by BLNV, should present their claims on or after October 18, 1994 at the office of BLNV in the manner described below. While some of the holders of record may be acting as agents and custodians for beneficial owners, BLNV will only transact with

Holders of record should authorize Euroclear and/or CEDEL to release to BLNV the holder's information regarding their BLNV EuroCDs, including the nominal amount(s), ISIN of each BLNV EuroCD, contact name, telephone and fax numbers. The deadline for this authorization shall be filed no later than

Holders of record should also authorize Euroclear and/or CEDEL to transfer their respective EuroCDs, free of payment, to BLNV's account number 54810 at CEDEL. These EuroCDs will be blocked in such account until CEDEL has received a copy of a duly signed release (a copy of the release can be obtained

in advance from BLNV, Euroclear or CEDEL). Euroclear and CEDEL will provide and advise BLNV of each holder's information and transfer of the EuroCDs as specified in (a) and (b) above.

issuance of the new BPI CDs. Holders can request the following: (i) to appoint an attorney-in-fact to handle the exchange on their behalf, and (ii) that the BPI CDs be issued in the name of their beneficial owners.

On a mutually agreed upon date, holders will be able to sign the release and collect the BPI CDs at BLNV and BPI offices in Curação.

BPI will act as Paying Agent for the Fund and Banco Provincial S.A.C.A, as Custodian for the securities maintained in subject Fund. These securities concern negotiable long term US\$ denominated instruments. During the month of October 1994, BLNV will issue a separate communication in

be issued to them.

BLCA to BLNY. Presently discussions are going on with BLCA to determine the manner in which payment to BLNV will be done by BLCA. BLNV expects to finalize these discussions soon, so that all creditors can be compensated as soon as possible. When the discussions with BLCA are finalized, BLNV will announce to its creditors how and when

**Euro Certificates of Deposit ("EuroCDs")** 

According to the calculations based on the value of the assets sold to BPI, balances institution expects to pay out to its creditors 75% of their claims on the institution.

Bolivars, representing in the aggregate 20% of the original claim, and one (1) Certificate of Deposit in US\$, also representing 20% of the original claim. This US\$ certificate will mature in twenty-four (24) months and the Bolivar certificates will mature in a period of two (2) to twenty-four (24) months.

the holders of record as provided by Euroclear and CEDEL. The following procedures apply for holders of records:

which the creditors will be informed of the dates when the Certificates of the Fund will

Re 3) Certificates of Deposit to be issued after receipt of the amounts owed by

they may expect their final compensation. The following is the address of Banco Latino N.V. and Banco Provincial International

De Ruyterkade 61 Willemstad, Curação Willemstad, October 26, 1994

Netherlands Antilies

EuroCDs, of BLNV will consist of three parts and will take place as follows: Certificates of Deposit will be issued by BPI to all creditors amounting to a compensation ratio of approximately 40% of the original claim. The Certificates of Deposit will be issued to holders of EuroCDs in the following manners:

November 18, 1994.

BLNV will contact each holder individually and make arrangements for the

Re 2) Share Certificates to be issued by the Venezuela Recovery Fund.

US\$100,000,000 10% per cent. Guaranteed
Notes due 1996 (the "Notes")

NOTICE IS HEREBY GNEN to the holders of the Notes that, pursuant to Condition 7(b) of the terms and conditions (the "Terms and Conditions") of the Notes, the Company will redeem all the Notes on December 11, 1994 at a price equal to 102.27 per cent. of the principal amount of the Notes, together with occured interest to the date fosed for redemption. All terms and expressions which are defined in the Terms and Conditions of the Notes shall have the same meanings when used herein.

Payment of the redemption price will be made, in the case of the Bearer Notes, against presentation and surrender of the Bearer Note together with all unmatured Coupans appertaining thereto at the specified office of any Paying Agent auticate the United States listed below and, in the case of Registered Notes, against presentation and surrender of the Registered Note Certificate at the specified office of any Paying Agent bated below to the person shown in the Register as the holder of such Note.

If a Bearer Note is presented for redemption without all unmatured Coupans appertaining thereto, the lace value of each missing unmatured Coupans will be deducted from the redemption price. The amount so deducted will be paid, against presentation and surrender of the relevant missing Coupan(s), in accordance Condition (g) of the Notes.

In accordance with Condition 11 of the Notes, claims for payment of principal (other than principal withheld in respect of missing unmatured Coupans in which event Condition (g) shall apply and interest shall become void upon the expiry of ten years and five years respectively from the Relevant Date as defined in Condition 6(g) shall apply and interest shall become void upon the expiry of ten years and five years respectively from the Relevant Date as defined in Condition 6 of the Notes. State Spate of Hew South Wales, 10 Year Extractififs Floating Rate Holes and What Capital Interestional (1983) Lielland 5% Convertible Substituting Onersysted Bunds doe 2000

NOTICE OF RESIGNATION AND SUCCESSION

Mili International United 4,75% Competible Books due 2000

insen Bectric Reidlers Limited 4.5% Convertible Bonds due 2000

n Capital Interstitual Limited

Contracted Bunds (an 2008

NOTICE is breeby given that, effective as of November 5. 1994, MORGAN
GUARANTY TRUST COMPANY OF
NEW YORK will renge and transfer its
U.S. corporate trust functions to, and
will be succeeded as New York, agent by,
FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, 100 Wall
Street, Suite 1600, New York, New York
10005 on all of the above states except
for the State Bank of New South Wales
10 Year Extendible Floating Rase Notes
("State Bank") and Henderston Capital
Instrustional Limited Mandstority Convertible Guaranteed Bonds ("Henderston
Capital"). The effective date of the bearin
mentioned testignation and succession Dared: October 20, 1994

> SOCIETE GENERALE USD 372,000,000 SUBORDINATED **FLOATING RATE** NOTES DUE 1998 For the period October 25, 1994 to

April 25, 1995 the

new rate has been fixed at 6.4875 % P.A. Next payment date: April 25, 1995 Coupon nr.: 14 Amount: USD 32797,92 for the denomination of USD 1 000 000 THE PRINCIPAL **PAYING AGENT** SOGENAL SOCIETE GENERALE

October 25, 1994

GROUP 15, Avenue Emile Reuter

SWEDBANK (Sparbankernas Bank) Subordinated Floating Rate Notes date 1997

Notice is hereby given that for the three months interest Period from October 25, 1994 to Jenuary 28, 1995 the Notes with Certy an Interest Rate of E-875°s per annum. The interest payment date, January 28, 1995 will be U.S. 35, 753.47 and U.S. 519.014 1999-cheely for Notes in denominations of U.S. 310.000 and U.S. 570.000. The sum of U.S. 510.000 principal amount of Registered Notes. Notes due 1997 

N.V. De Indonesische

Floating Rate Notes 1997

The notes will bear interest at

payable 26 January 1995 will amount to US\$1,610.00 per

Agent: Morgan Guaranty Trust Company

U.S. \$75,000,000

**JPMorgan** 

6.30% per annum for the period 26 October 1994 to 26 January 1995. Interest

Overzeese Bank

198125.000.000

**PAN-HOLDING** was USD 355,548,915,29, Le. USD 646.45 per share of USD 20 to as Defratorns Brisite 180 October 15, 1994 to USD 582.23

G RT BATA FROM \$10 A DAG G Signal SOFTWARE GUIDE G 44 4 (0) 71 221 355 Call London 44 + (0) 71 221 3556 for your guide and Signal price list.

CHEMICAL BANKING CORPORATION US\$100,000,000 SUBORDINATED FLOATING RATE NOTES DUE 2008 In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 24 October 1984 to 24 April 1986 the Notes carry an interest of 5.5875% per annum. The interest payable on the relevant interest payment date, 24 April 1895 against coupon no 4 will be US\$287.53 per US\$ 10,000 note and US\$2875.35 per US\$ 100,000 note.

**MICHEMICAL** 

Han Yang Chemical Corporation the Company? NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Name of the Company was chanced on the date of 1st October, 1994 to Hanwha Chemical Corporation by the resolutions of the Board of Directors of the Company dated on 4th February, 1994.

Thereafter, all the liabilities and rights to the holders of the Bonds have been continued by the Name of Hanwha Chemical Corporation effective

Hanwha Chemical Corporation

from Isr October, 1994.

26th October, 1994

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**Holders** of

"EuroCDs"

All of these securities having been sold, this announcement appears as a matter of record only.

**New Issue** 

US\$1,161,572,125



362,425,000 Shares Common Stock

The New York Stock Exchange symbol is IIT

**Global Coordinators:** 

Merrill Lynch & Co.

P.T. (Persero) Danareksa

6,471,876 American Depositary Shares Representing 64,718,760 Shares of Common Stock

The above shares were underwritten outside the United States, Canada, Asia (including Indonesia), Australia and New Zealand by the following group of International Underwriters.

**Merrill Lynch International Limited** 

P.T. Danareksa Sekuritas

**CS First Boston** 

Lazard Frères et Cie

N M Rothschild and Smith New Court

**Goldman Sachs International** 

ABN AMRO Bank N.V.

Barclays de Zoete Wedd Limited

Cazenove & Co.

**Credit Lyonnais Securities** 

Deutsche Bank

**Dresdner Bank** 

Kleinwort Benson Securities

**Paribas Capital Markets** 

**UBS Limited** 

12,943,750 American Depositary Shares Representing 129,437,500 Shares of Common Stock

The above shares were underwritten in the United States and Canada by the following group of U.S. Underwriters.

Merrill Lynch & Co.

Goldman, Sachs & Co.

**Lehman Brothers** 

J.P. Morgan Securities Inc.

**Salomon Brothers Inc** 

Smith Barney Inc.

Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette

Arnhold and S. Bleichroeder, Inc.

Raymond James & Associates, Inc.

Janney Montgomery Scott Inc.

Lazard Frères & Co.

Alex. Brown & Sons

**CS First Boston** 

Robert W. Baird & Co.

PaineWebber Incorporated

Dean Witter Reynolds Inc. **Prudential Securities Incorporated** 

Edward D. Jones & Co. C. J. Lawrence/Deutsche Bank

J. C. Bradford & Co. Cowen & Company

Morgan Stanley & Co.

The Robinson-Humphrey Company, Inc.

**Legg Mason Wood Walker** Wheat First Butcher Singer

6,471,874 American Depositary Shares Representing 64,718,740 Shares of Common Stock

The above shares were underwritten in Asia (excluding Indonesia), Australia and New Zealand by the following group of Asian Underwriters.

**Merrill Lynch International Limited** 

P.T. Danareksa Sekuritas

S.G.Warburg Securities

**Baring Brothers & Co., Limited** 

**Jardine Fleming** 

Yamaichi Merchant Bank (Singapore) Limited

Daiwa Securities (H.K.) Limited

The Nikko Securities Co. (Asia) Limited

Nomura International (Hong Kong) Limited

**Bankers Trust International PLC** 

Carr Indosuez Asia Limited

**Crosby Securities** 

**HG Asia Ltd** 

Morgan Grenfell Asia

**Peregrine Capital Limited** 

Schroders

**Swiss Bank Corporation** 

**Wardley Corporate Finance Limited** 

103,550,000 Shares of Common Stock

The above shares were underwritten in Indonesia only, with the following as representative of the Lead Managing Underwriters.

P.T. Danareksa Sekuritas

Joint Advisors to the Government of the Republic of Indonesia

Lazard Frères et Cie

Lehman Brothers

S.G.Warburg & Co. Ltd.

Advisor to the Company

Goldman, Sachs & Co.

By Frank McGurty in New York and Conner Middelmann

24

US Treasury bonds held close to their opening prices yesterday morning in spite of a weaker than expected reading on consumer confidence. By midday, the benchmark 30-year government bond was down & at 93%, with the yield rising to 8.043 per cent. At the short end, the two-year note was unchanged at 99%, to yield

6.795 per cent. After a day of heavy losses, the selling pressure on the long end eased on a mildly favourable piece of economic news. The Conference Board, a trade group, said its October index of consumer sentiment slipped to 87.6, from 89.5 the previous month. The data was positive for inflation-sensitive bonds because it suggested less

The development offset an earlier announcement by the National Association of Realtors that September sales of existing homes had climbed 1 per cent from the August level.

The figure was not strong enough to discourage bargain hunting, with the 30-year bond yield at its highest level in more than two years, but the overall tone of the market was weak, and early gains quickly evaporated. Traders remained concerned about an imminent move by the Federal Reserve to lift short-term interest rates. The prospect of a tightening,

considered likely near the Fed's November 15 policy-making session, discouraged buyers across the yield curve. Traders were looking ahead to Friday's estimate of third-quarter growth amid fears that the data would show that the central bank is allowing the economy to expand too fast.

were adjusting their positions ahead of the Treasury's afternoon auction of \$17.25bn in new two-year notes, to be followed by the sale of \$11bn in five-year notes today. Many were worried about the market's ability to absorb the new securities with a rate increase looming.

#### GOVERNMENT **BONDS**

Meanwhile, the dollar showed no signs of arresting its slide on the foreign exchange markets. With the currency down again against the yen and D-Mark, the bond market was bracing itself for further declines as the week

ended another volatile session

More immediately, dealers lower, with Germany leading and tranche is to be sold today accepted bid) of no more than the losses.

Most markets opened lower following overnight weakness in US Treasuries and tumbled further after breaching key technical support levels in the futures markets. US consumer confidence data helped bonds claw back some of their losses, but prices slipped back again in late trading.

German bunds ended a volatile day sharply lower, depressed by new supply. investor selling and the breach of key technical support lines on the December bund future. After breaching support at 89.50 and 89.00, it hit an intraday low of 88.50 before ending at 88.76, down 0.71.

The first DM3bn tranche of a new 7% per cent 10-year bond for Germany's postal authority also pressured prices as dealers sold futures against it. A sec-

via a US-style auction. Although the paper offers an attractive yield pick-up over bunds, it is expected to draw little foreign demand and go

mostly into domestic accounts. Dealers reported investor sales amid fragile market sentiment. "There has been some liquidation by people who got long after the election," said a London bund dealer.

■ UK gilts were dragged more than 1/2 point lower by Treasuries and bunds, and were depressed further by the CBI's quarterly industrial trends sur-

Most dealers said they expec-ted today's 22.5bn gilt auction to go relatively well in spite of the market's weakness, calling for a bid-to-cover ratio of between 1.5 and 2 times and a tail (the difference between the average and the lowest

**NEW INTERNATIONAL BOND ISSUES** 

2. They were expecting demand to be boosted by the paper's status as next year's five-year benchmark and the absence of a gilt auction in November.

French government bonds fell by more than 1/2 point but out-performed bunds as investors switched into France from Germany. The stronger franc also helped, attracting some outright cash buying, dealers

While the December OAT future on Matif fell by 0.60 points, the French 10-year benchmark bond's yield premium over bunds narrowed to 67 basis points from 74 basis points on Tuesday.

Italian government bonds were also supported by spread trades out of bunds into BTPs; Italy's 10-year yield gap nar-rowed to 449 basis points from 465 basis points on Tuesday.

through a clearing-house. Recognising the controver-

sial aspects of the plan, the CFTC is delaying implementation for 45 days while it seeks public comment. Derivatives

### CFTC to relax rules on futures

By Laurie Morse in Chicago

The Commodity Futures Trading Commission has agreed to relax some of its rules governing US futures exchanges on an experimental

The move, which had been expected, came in response to requests by the Chicago Board of Trade and the Chicago Mer-cantile Exchange to have the same regulatory relief granted to over-the-counter derivatives traders in 1993

The agency prescribed a three-year pilot programme with specific limitations. The proposed regulatory exemptions will not apply to any existing exchange-listed products, with the exception of the CME's "rolling spot" foreign

currency products. Only clearly defined groups of "professional" traders will be allowed to participate in the new, exempt markets, and the agency will require all pilot contracts, which are expected to look like over-the-counter derivatives, to be cleared

dealers expect the programme to undergo substantial modifi-cations as a result of the public comment process.

The agency, in an unexpect-edly forceful move, also said it would use the period to determine if the exemptions granted to unlisted derivatives markets in 1993 went too far.

Ms Mary Schapiro, the CFTC chairwoman, said: "I believe that removing necessary and appropriate safeguards and protections is not the answer to complaints that there is an uneven regulatory playing field between otherwise comparable OTC and exchange instruments. In this regard, reevaluation of the pilot programme should include scrutiny of the current swaps exemption, in conjunction with other financial regulators.

The International Swaps and Derivatives Association said it needed to study the CFTC proposal before commenting.

The CBoT said it was "disappointed" the exemptions were so limited and threatened to do battle with the CFTC over the issue when the agency's reauthorisations comes before congress. The CME, in contrast, said it was "delighted" that much of its exemption request had been granted.

### Israeli index option launched

— Low coupon yield — — Medium coupon yield — — High coupon yield — Oct 25 Oct 24 Yr. ago Oct 25 Oct 24 Yr. ago Oct 25 Oct 24 Yr. ago

#### By Richard Lapper

Trading is to begin today on the American Stock Exchange in options based on an index of Israeli equities listed in the United States, allowing investors to gain exposure to the Israeli equity market.

The option has been devel-oped by the Amex and Oscar, Gruss & Son, a US broker and dealer in Israeli stocks. It fol-

lows the launch of other simi-

lar products in recent months.
"Recent privatisations, political manoeuvrings, and peace prospects leave investors pointing in Israel's direction," said Mr Joseph Stefanelli, executive vice-president, derivative securities at the Amex.

The index reflects the 11 most widely followed and highly capitalised US-listed companies with interests in Israel. It has a combined capitalisation of more than \$5bn.

### Johnson & Johnson in rare appearance with \$400m offer

By Martin Brice

Johnson & Johnson made a rare appearance in the euromarkets yesterday with a \$400m unusual two-tranche

The offering, which received praise from other houses, was split into two \$200m parts. There was a 7% per cent coupon, three-year maturity tranche aimed at retail investors and an 8½ per cent coupon, 10-year maturity tranche targeted at institutional cus-

Lead manager Morgan Stanley said the three-year tranche met very strong demand and the spread tightened from 15 at issue to around 14 when the bonds were free to trade. Spreads on the 10-year tranche

stayed around 34 to 32 compared with the 33 at issue, said

The rest of the dollar sector was dominated by deals from Paribas Capital Markets, which brought three dollar issues for different borrowers, each for \$200m and in various shortdated maturities.

#### INTERNATIONAL BONDS

Citic Pacific Finance made an offering guaranteed by Citic Pacific, the Hong Kong-listed arm of Citic, the Beijing foreign investment company. Paribas Capital Markets and HSBC were selected as joint books on its debut eurobond, a

three-year \$200m floating-rate

note issue at 50 basis points over six-month Libor.

There was general agreement in the market that Paribas had been selected for its European base and RSBC for its Asian links.

Electricité de France brought a \$200m two-year deal with a 7 per cent coupon via Paribas, which said the issue had met strong demand in Europe from investors attracted by the rare appearance of this strong name.

Paribas led a four-year \$200m offering with a 7% per cent coupon from SNCF, the AAA rated French railway operator. Paribas fed this into unsatisfied demand for the Rabobank deal at the same maturity on Monday and met good demand. much of it from Germany.

Borrower US DOLLARS	Amount m.	Coupon %	Price	Maturity	Feet %	Spread bp	Book runner
Johnson & Johnson, Tranche A Johnson & Johnson, Tranche B SNCF Citic Pacific Finance; Bectricité de France	500 500 500 500 500	7.375 8.25 7.50 (b) 7.00	99.865R 99.166R 99.57R 99.905R 99.76R	Nov.1897 Nov.2004 Nov.1998 Nov.1997 Nov.1996	0.187\$R 0.325R 0.225R 0.30R 0.15R	+15(614%-87) +33(714%-04) +15(a) +12(W) 2yr)	Paribas Capital Markets HSBC/ Paribas CapUMkts.
ITALIAN LIRE Beyerische Vereinsbenk Norddeutsche Lendesbenk	150bn 150bn	11.00 11.00	101.00 100.975	Dec.1996 Dec.1996	1.125 1.125	<del>-</del> -	Credito Italiano Banco Nazionalo de Lavoro
SCUS DSL Finance	100	8.375	99.818R	Nov.1999	0.25R	+15(5%-99)	Barcleys de Zoete Wedd
PESETAS European Investment Bank	20bn	10.90	101.20	Nov.1998	1.50		Benco Santander
SWISS FRANCS Jap-Fin.Corp.for Small Business	200	5,60	102,00	Nov.1999	2.00	-	IBJ (Switz.)/ UBS
LUXEMBOURG FRANCS Inter-American Dev. Bank(c)	2.5bn	7.75	102.00	Nov.1999	1.825		BGL/ Parities Luxembourg
Final terms and non-callable un manager. ‡Floating rate note. \$5 yield. b) 6-min Libor +50bp. c) 5	emi-emuel	coupon. P	apreed (o	ver relevant (fer price; fe	governme ses are sh	ent bond) at la own at the re-	unch is supplied by the least offer level, a) Over interpolates

The day also saw two L150bn two-year deals with 11 per cent Italiano. coupons launched within an hour of each other, the first when Aa1 rated Norddeutsche Landesbank made its lira euromarket debut via BNL and the

other from AAA rated Bayer-

ische Vereinsbank via Credito Credito Italiano said the lira market went down after the Norddeutsche deal and the Baverische deal was launched into a tougher market. The European Investment

FT-ACTUARIES FIXED INTEREST INDICES

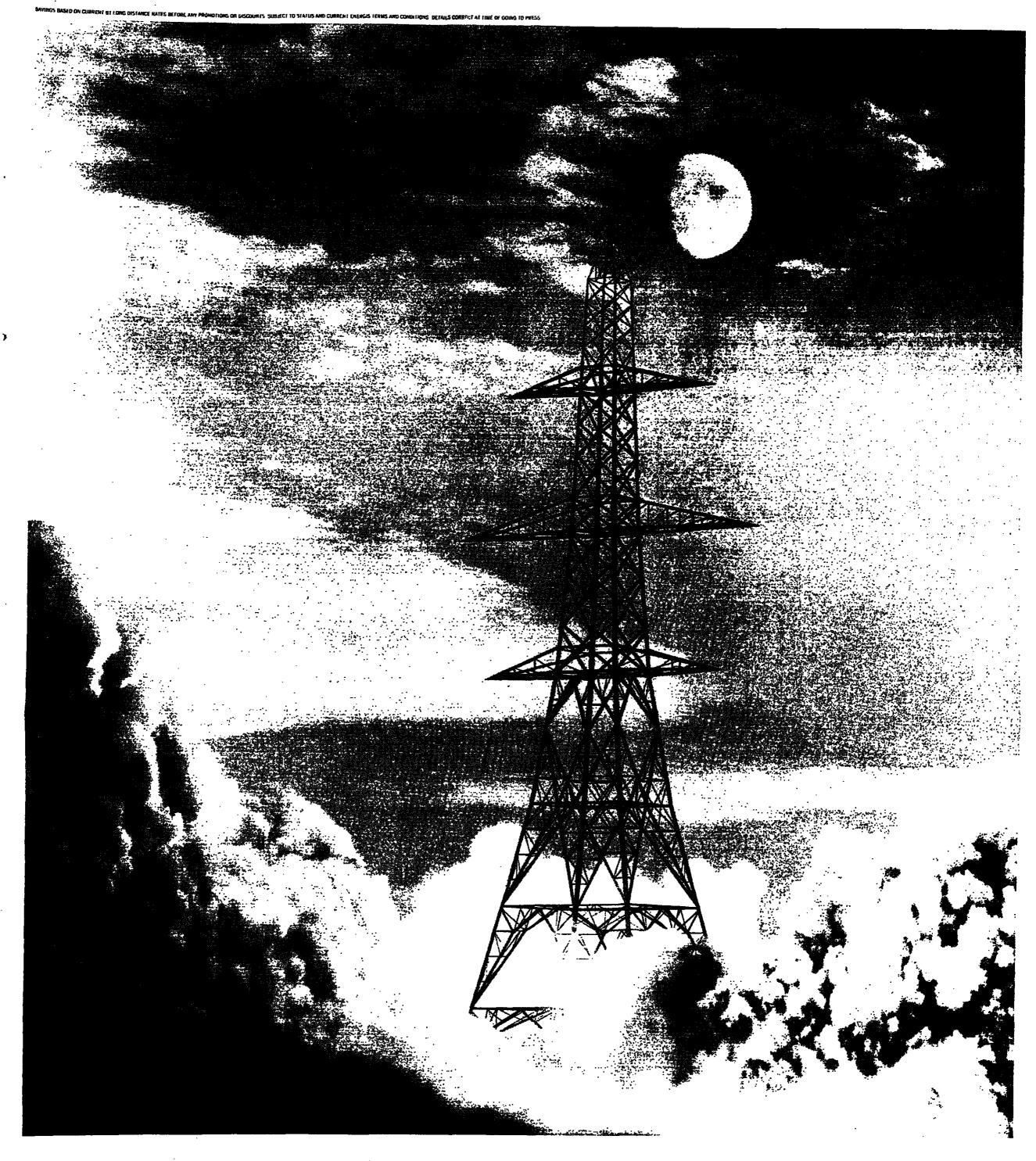
Tue Day's Mon Accrued Oct 25 change % Oct 24 Interest

Bank brought a Pta20bn, fouryear deal with a 10.9 per cent coupon via Banco Santander, with UBS as joint lead. This was the first move into the primary peseta market by UBS. which recently upgraded its Madrid office to a full branch.

Spreads on the 10-year tranche three-year \$200m Hoating-rate	much of it from Germany. Other from AAA rated Bayer-
WORLD BOND PRICES	
BENCHMARK GOVERNMENT BONDS	Italy
Red Day's Week Month	MOTIONAL ITALIAN GOYT. BOND (BTP) FUTURES
Coupon Date Price change Yield ago ago  Australia 9,000 09/04 92,2300 -0,450 10,25 10,18 10,20	(LIFFE) Lira 200m 100ths of 100%  Open Sett price Change High Low Est, vol Open int.
Seiglum 7,250 04/04 91,7000 -0.500 8.55 8.25 8.58	Dec 98.80 98.14 -0.10 99.39 98.58 45055 57909
Caracia * 5.500 08/04 83.5000 -0.050 9.12 9.02 9.00 Denmark 7.000 12/04 87.3200 -0.900 8.95 8.70 9.03	Mar 98.10 98.35 -0.12 98.40 98.10 151 4657
France BTAN 8,000 05/98 101.0000 -0.380 7.83 7.33 7.36 OAT 5.500 04/04 81.8400 -0.470 8.34 8.01 8.14	II ITALIAN GOVT, BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ms of 100%
Germany Treu 7,500 09/04 98.5200 -0.950 7.70 7.35 7.62	Strike CALLS
Japan No 118 4.800 06/99 102.6760 +0.080 4.12 4.09 3.84	Price Dec Mar Dec Mar
Japan No. 164 4.100 12/03 95.8240 -0.270 4.76 4.74 4.49 Netherlands 7.250 10/04 97.0800 -0.860 7.88 7.34 7.54	9900 1.37 2.31 1.23 2.96 9950 1.08 2.09 1.44 3.24
Spein 8,000 05/04 81,1700 -0,430 11,30 11,05 11,10 UK Gits 6,000 08/99 89-15 -14/32 8,72 8,40 8,71	10000 0.88 1.89 1.72 3.54 Est. vol. total, Celle 3515 Puts 3288. Previous day's open int., Calle 23561 Puts 28358
6,750 11/04 86-06 -22/32 8.84 8.52 8.92 9,000 10/08 101-19 -24/32 8.80 8.51 8.88	
US Treasury 7.250 08/04 95-29 -6/32 7.85 7.62 7.57	
7.500 11/24 93-28 -8/32 8.04 7.85 7.80 ECU (French Govi) 6.000 04/04 82.8600 -0.880 8.72 8.43 8.89	Spain
London closing. "New York mid-day Yields: Local market standard.  † Gross §induding withholding tax at 12.5 per cent payable by nonresidence).	M NOTIONAL SPANISH BOND FUTURES (MEFF)
Prices: US, UK in 12nds, others in declaral Source: MAS International US INTEREST RATES	Open Sett price Change High Low Sst. vol. Open Int.  Dec 86.18 86.35 -0.30 86.50 85.99 62.25\$ 78.502
Lunchtime Treasury Bills and Bond Yields	Dec 86.18 86.35 -0.30 86.50 85.99 62,283 78,502 Mar - 85.50 50
One regeth	
Broker loan rate 612 Three month 5.19 Feet year 7.51 Feet fronts 413 Six month 5.74 10-year 7.85	UK
Fed. Aurals at Intervention One year 6.23 30-year 8.04	NOTIONAL UK GILT FUTURES (LIFFE) 250,000 32nds of 100%
BOND FUTURES AND OPTIONS	Open Sett price Change High Low Est. vol Open Int.
DAND FOTORES AND OFTIONS	Dec 100-07 99-23 -0-27 190-14 89-15 73818 99784 Mer 98-26 -0-25 0 46
France	
NOTIONAL FRENCH BOND FUTURES (MATIF)  Open Sett price Change High Low Est, vol. Open int.	LONG GILT FUTURES OPTIONS (LIFFE) 250,000 64ths of 100%  Strike PUTS PUTS
Dec 109.78 109.72 -0.60 109.84 109.20 212,939 123,753	Price Dec Mar Dec Mar
Mar 109.00 108.92 -0.62 109.02 108.64 1,776 11,474 Jun 108.22 108.14 -0.62 108.22 108.22 2 781	99 1-39 2-21 0-57 2-33 100 1-04 1-56 1-22 3-03
	101 0-41 1-30 1-59 3-42 Est, vol. total, Ceta 22002 Pura 6303. Previous de/s open int., Ceta 70635 Puta 42201
LONG TERM FRENCH BOND OPTIONS (MATIF)	
Strike CALLS PUTS	
Price Nov Dec Mar Nov Dec Mar 110 0.18 0.93 1.48 0.46 1.23 2,62	Ecu
111 0.01 0.53 1.07 1.29 1.84 3.11	NE ECU BOND FUTURES (MATIF)
112 - 0.27 0.76 - 2.56 - 113 - 0.12 - 3.32 3.40 -	Open Sett price Change High Low Est. vol. Open Int. Dec 79.86 79.84 -0.64 80.02 79.56 710 6,588
114 - 0.06 0.33 - 4.52 - Est. vol. total, Calle 54,911 Puts 77,019 . Previous day's open int., Calle 284,862 Puts 328,583.	
_	US
Germany  NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 1,00%	IL US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%
Open Sett price Change High Low Est, vol. Open Int.	Open Latest Change High Low Est. vol. Open int.  Dec 97-11 97-11 -0-02 97-13 96-30 210,388 393,585
Dec 89.23 68.68 -0.79 69.26 88.50 189957 180986	Mar 98-23 96-23 -0-01 96-24 96-08 2,042 27,280 Jun 95-29 98-00 -0-05 96-00 95-29 43 11,236
Mer 88.34 87.90 -0.78 88.34 87.85 746 4513	2011 00-120 00-00 -9-00 00-00 50-20 mg 11,200
B SUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	
Strike CALLS PUTS	Japan 11 Notional Long Term Japanese Govt. Bond Futures
Price Dec Jon Feb Mar Dec Jan Feb Mar 8850 1,00 0.89 1,12 1,27 0,82 1,49 1,72 1,87	(LIFFE) Y100m 100ths of 100%
8000 0.74 0.69 0.91 1.05 1.06 1.79 2.01 2.16 8000 0.53 0.52 0.73 0.86 1.35 2.12 2.33 2.49	Open Close Change High Low Est voi Open Int. Dec 107.40 107.51 107.32 2015 0
Spt. vol. total, Calls 28188 Puts 13292. Previous day's open Inc., Calls 250189 Puts 215759	* LIFFE contracts treded on APT. All Open interest figs, are for previous day.
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UK GILTS PRICES	
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Trees 64ggs 19972+	4-pc 20th 1/35.1 3.77 3.91 1052 - 1252 1054 Prospective real redemption rate on projected initiation of (1) 10% and (2) 5% (b) Figures in parentheses show RPI base for
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So, in the future, as well as using phone calls to make you money, you could also be using phone calls to save you money. **ENERGISE YOUR PHONE.** 

ENERGIS

ceded that the results reflected newsprint costs," he added

### Lep acts to cut £340m debt

Lep Group, the lossmaking freight forwarding and security company, has begun intensive talks with its lenders in a bid to reduce its £340m debt.

The group - restructured in 1992 in one of the UK's largest debt-for-equity swaps - admitted yesterday that its core businesses could no longer service interest payments, which totalled £16.1m (£17.5m) in the six months to June 30.

Mr David James, the com-pany doctor appointed chairman by the banks two and a half years ago, said the com-pany was anxious both to reduce £169m of "dead debts" from discontinued businesses and to refinance National Guardian Corporation (NGC), its US security business.

"The company is addressing these problems with our banks but it could be a year before

Heart drug

buoys sales

Zeneca, the agrochemicals and

in turnover from £3.2bn to

£3.45bn in the first nine

months of this year. Demand for Zestril, its best-

selling heart treatment, helped

lift turnover in the pharma-

centical division from £1.36bn

at Zeneca

By Tim Burt

the discussions are completed. Lep's bankers currently hold 85 per cent of the equity, which they exchanged for £180m of debt two years ago when group Although the group has

reduced borrowings through a series of disposals, including the £89m sale earlier this year of Swiss Bank House in London. Mr James said the core businesses could only afford interest payments on the £149m portion of the debt which they used for working capital

Their ability even to meet those payments was hampered in the first half by £2.92m of exceptional charges covering restructuring, litigation costs and the security division's withdrawal from its special engineering business. Those charges helped cut

operating profits from £14.2m

David James: no dividend in seeable future

£2.57m provision for loss on the disposals and a £1m loss on the closure of Lep Industrial Holdings together contributed to increased pre-tax losses of £8.66m (£5.05m). Turnover was up at £723m (£703m). Mr James said the core

security and freight forwarding businesses remained profitable but their performance had been undermined by a series of "disastrous" acquisitions in the 1980s.

"Our strategy has been to get rid of anything which is not fundamental to our two main activities." he added. The group said it would sell its distribution business, supplying mainly automotive comonents, "within a few weeks"

restructure its freight forwarding businesses. It also predicted that it would agree a refinancing package for NGC in the first quarter of next year.

and was determined to further

Losses per share increased from 0.7p to 1.1p, and with no funds to pay a dividend, Mr James warned: "There can be no expectation of a dividend payment in the foreseeable future".

### ScotMet returns to the black

By Richard Wolffe

pharmaceuticals group, reported an 8 per cent increase

to £1.48hn. Sales growth in the final quarter is expected to fall back slightly as the benefits of the Zestril Incentive Patient Programme - its response to aggressive pricing by rival drug companies – starts to wane. The programme prompted a wave of purchases in July and August.

Reporting its first ninemonth sales figures since its demerger from ICI in June last year, the group said the agrochemicals division enjoyed increased turnover of £1.21bn (£1.12bn) following strong sales in North America and "an encouraging start" to the season in Latin America.

The group lost 292m in contributions from businesses sold off during the past year. mainly in the specialities division which manufactures coatings and resins.

Blecks Leisure . Boxmore Intl § .

Bredford Prop Edinburgh Inv

Sunset + Vine

DIVIDENDS ANNOUNCED

Current

payment

0.75

1.375†

3.2 3.05

2.25

1.265 9.75†

Dividends shown pence per share net except increased capital. §USM stock. ¾Irish pence.

properties.

properties.'

Scottish Metropolitan. Scotland's largest property company, yesterday announced turnround to pre-tax profits of £11.3m for the year to August 15, against losses of

The recovery was underpinned by a 44 per cent reduction in interest costs from £15.9m to £9m and a £5.56m gain on the sale of investment properties. Operating profits shrunk to £14.7m (£17.6m) as net revenue

from properties fell to £16,3m (£19m) after a £35.9m net disposal of properties. Mr Scott Cairns, managing further reduce its office propdirector, said the company

Gearing fell from 181 per would improve net revenue by cent to 61 per cent as borrowreducing its level of vacant ings were cut from £144.9m to £79.2m by the year-end. We are still running with

During the period a rights issue raised £26.8m net of higher than average voids in the sector," he said. "We do expenses. A £13.8m surplus on not expect a lot of help from the letting market in the next valuation of investment prop-erties also helped to lift net 12 months, but we still expect asset value per share from to reduce the level of vacant 81.7p to 99.3p. The company also aims to

Earnings per share stood at 8.82p after 2.13p losses last year. A recommended final div-idend of 1.5p makes a total of increase its portfolio of Scottish property, particularly, idend of in the industrial sector, and 2p (1.5p).

### LMS buys shopping arcades

By Richard Wolffe

London Merchant Securities. the property and investment company, has acquired Arcadia, a private company with a portfolio of Victorian shopping

LMS acquired an 80 per cent stake in Arcadia by providing £14.5m of five year redeemable loan stock. The capital will clear Arcadia's bank borrowings of about £10m and enable the purchase of further shopping centres.

In exchange, Arcadia has taken over a £2m portfolio of four LMS retail properties

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across the UK which are expected to be sold on.

Mr Robert Spier, LMS finance director, said: "We were looking to expand our retail interests, which are very much larger. Arcadia is going to stick to this type of business, rather than going into big shopping centres."

Arcadia was formed in 1988 to manage arcade properties in Cardiff, Walsall and Stirling, with its revenue mainly deriving from independent retailers

on short-term leases or

The remaining 20 per cent of Arcadia shares will be held by Mr Peter Smith, who founded the company, and Mr Rod Pearson, former managing director of Raglan Property Trust. Mr Nicholas Driver and Mr Robert Rayne, directors of LMS, will join Arcadia's board. LMS reported a 20 per cent drop in pre-tax profits to £22.3m last year. Its properties were valued at £379.8m.

The hotel, to be known as

the group's total to 3

the Stakis London Harewood,

hotels and 22 casinos through-

out the UK. The group

announced a £10.4m pre-tax

profit at the beginning of the

year, turning round from

losses of £47.7m after two years

### EIT net assets

By James Buxton. Scottish Correspondent

Edinburgh Investment Trust, one of the largest UK investment trusts, reported a fall of 4.5 per cent to 326.6p in net asset value per share in the half year to September 30. The fall exceeded the decline

of 3.3 per cent in the FT-SE-A All-Share Index over the period and meant that the trust did not achieve one of its regularly stated objectives.

However, EIT, managed by Dunedin Fund Managers, achieved its other stated objective of producing dividend growth ahead of UK inflation. It declared an interim dividend of 3.05p (2.95p) - a 3.4 per cent increase compared with a rise in retail prices of 2.2 per cent.

Earnings per share fell from 5.77p to 5.35p, as a result of switching part of the gilts portfolio into lower yielding equities in the latter part of last year, as well as the timing of some dividend receipts.

However, dividend growth from underlying investments exceeded expectations and the directors are confident of being able to increase the final dividend.

Salomon has 7.3% of Attwoods prefs

Salomon Brothers, the US investment bank, has become a preference shareholder in Attwoods, the waste manage ment company fighting a £364m bid from Browning-Ferris Industries of the US.

After buying 1m preference shares at 88%p last week, Salomon disclosed yesterday that it had paid a further £3.2m for 3.64m prefs, at 88p, bringing its stake to 7.3 per cent. This is 3p higher than BFI's offer. Salomon bought some of the prefs from Fidelity Investments, which remains a substantial ordinary shareholder. A successful BFI would have

the right in certain circumstances to demand early conversion of the prefs, or redemption at 100p. Laidlaw of Canada has agreed to sell its 73 per cent pref stake to BFL

said. New stores had opened in

Chester and Glasgow with oth-

ers set to open in Worcester

and Kingston by the year-end.

Distribution reported a

reduced operating deficit on

sales ahead 35 per cent to

£8.4m with good showings by

the Miss Sam and O'Neill busi-

nesses. The troublesome Fila distributorship performed "sat-isfactorily" with increased

The shares fell 3p to 31p.

valuing the company at just

Tomorrows/Wiggins

The board of Tomorrows Lei-

sure, based in Tyneside, con-

firmed last night that they

orders for the second half.

under £10m.

hot summer.

### Guardian Media shows 45% advance to £16.7m

the decision to take the

full costs of redundancy and

integration of The Observer

purchase in last year's figures.

including broadcasting, publishing and local newspa-

pers - were showing strong

maintained the sale of our

national newspapers without

having to resort to cover price reductions," said Mr Roche.

of the future, given the costs of

competing in the market and

But we take a cautious view

We are very happy to have

growth.

All the company's operations

By Raymond Snoddy

The Guardian Media group. publishers of The Guardian, The Observer and the Manchester Evening News, yesterday announced a 45 per cent increase in interim pre-tax The increase for the six

months to October 1 - from £11.5m to £16.7m - exceeded pre-tax profits for the last full Turnover was up from £122m

Mr Harry Roche, chairman and chief executive of the

Guardian Media Group, con-

IAWS exceeds expectations

IAWS, the Irish animal feed

and fertiliser group, yesterday

reported a 27 per cent improvement in annual profits. The pre-tax line rose from E10.1m to E12.8m (£12.6m) on turnover up 19 per cent to 1£479.5m. The figures, which exceeded most brokers' forecasts, reflected good performances by key operations in

recent UK acquisitions. The group, 64 per cent-owned by the Irish Agricultural Wholesale Society co-operative. had turnover of E156m in

Ireland and contributions from

Britain, which included the first full year contribution from Pertwee and Parson, two fertiliser businesses bought in 1992. There was also a half year contribution from Nordos, a fishmeal company purchased

in February for IS2m. The Irish operations, which include the manufacture of food ingredients, animal feed and fertiliser blending and distribution, all performed well. according to Mr David Martin. finance director.

Cash flow from operating activities was I£23.5m, allowing the group to reduce borrowings from 1£9.5m to 1£1.9m, bringing interest charges down from 125.9m to 124.56m. Gearing

In the six months to Septem-

ber. The Guardian averaged

This was a drop of 1.5 per

cent, but sales bounced back in

September and rose to 410,586.

representing an increase of

averaged 487,800 for the six

months, representing a drop of

Mr Roche said yesterday the group's balance sheet remained "exceptionally

Further acquisitions were

likely as opportunities arose.

The Observer's circulation

daily sales of 399,566.

some 8.39 per cent.

1.88 per cent.

· Accelor

stands at 4 per cent. Both the Nordos purchase and a 1£3.2m acquisition in July of the Malting Company of Ireland were funded out of cash flow and further bolt-on acquisitions in Britain, funded in the same way, are being considered, Mr Martin added. IAWS is carrying out due diligence on United Fish Products in Scotland, for which it has

bid I£11.8m. Earnings per share were up 16 per cent to 8.7p; a proposed final dividend of 1.265p lifts the total by 15 per cent to 2.415p.

### Euclidian unveils £20m placing

By Raiph Atkins Insurance Correspondent

Euclidian, one of the latest batch of corporate vehicles planning to invest in the Lloyd's of London insurance market, yesterday announced details of its proposed £20m

stock market placing. It hopes to attract investors with its high gearing and by participating in a wide spread of syndicates in 1995. Impact day has been set for November

Euclidian has agreed a gearing and risk-sharing agreement with Centre Re, the Bermuda reinsurance subsidiary of Zur-

Centre Re will make available £28m in funds at Lloyd's. That will allow Euclidian to underwrite insurance policies paying premiums of £80m,

ich Insurance. Under the deal,

four times the gross capital raised. Centre Re will buy 5 per cent of Euclidian's ordinary

Euclidian plans to place funds with up to 65 Lloyd's syndicates, selected by Indemnity Insurance Services, the

broker and Lloyd's adviser.

Efforts by Lloyd's to inject corporate capital into the insurance market have not proved easy this year: shares in most of the 12 quoted corporate investment companies underwriting this year are trading below the level at

listing. Wellington Underwriting. another planned Lloyd's corpo rate investor, has rescheduled its placing pending Lloyd's regulatory board approval of proposals to allow existing corporate vehicles to invest in others. Impact day, originally scheduled for this week, is now November 11 with dealings

Mr James Truscott and Mr James Stuart, joint managing directors of IIS, are directors of

starting on November 17.

**NEWS DIGEST** 

Retail lifted sales by some 8 a revised basis reflecting £23.1m (£17m) and operating per cent to £23.1m, but the changes in the nature of the

business from contracted sure on margins while the long-term projects to other product mix on the outdoor areas of television. The underoperation was affected by the lying performance would have produced pre-tax profits of However, the second half £932,000 (£505,000) under the had started well. Mr Bentley previous accounting policy.

During 1994-95 sponsored programming would represent less than 50 per cent of turnover for the first time, it said. Turnover amounted to £5.96m (£3.71m) including £791,000 from acquisitions which also contributed £167,000 to operating profits of £975,000

(£27,000). In May the company acquired Mobile Image, the outside broadcast facilities company, for £2m. Sunset also announced yesterday the acquisition of Walker-Smith Events Licensing and

Sponsorship for a nominal Earnings per share came through at 12.1p (1.3p) and a final dividend of 2.5p (2p) is

proposed for a 4p (3.5p) total. **Boxmore Intl** 

were holding talks with Wig-gins Group concerning a possi-ble acquisition and associated Boxmore International, the Northern Ireland-based plastic packaging manufacturer which expanded into mainland Britain this year, announced interim pre-tax profits ahead 38 per cent from £2.72m to £3.75m. Mr Harold Ennis, chairman, said all operations had per-formed well. Turnover for the

six months to June 30

increased by 36 per cent to

profits were 44 per cent up at however, that "substantial raw material price increases" had affected selling prices. USM-quoted Boxmore acquired Label Research, a

pharmaceutical labels maker, in February for up to £13.4m. most of which was raised by a share placing. The acquisition contributed £2.3m to sales and £701,000 to operating profits. Because of the additional equity and increased tax, earn-

ings per share advanced by just 16 per cent to 10.9p (9.4p). The interim dividend is lifted 10 per cent to 1.375p (1.25p).

**UDO** 

UDO Holdings, the supplier of drawing office equipment and reprographic services, attributed a 32 per cent rise in annual profits to its cost-cut-

ting programme and emphasis on high margin products. In the year to July 31, pre-tax profits rose from £2.73m to £4.91m despite a fall in turn-over from £48.5m to £47m.

Mr Mike Wright, chairman, said the improvement reflected savings achieved by a redundancy programme and renewed emphasis on higher margin

our imaging services. Earnings per share rose by 32 per cent to 11.85p (8.99p), and the proposed final divi-dend of 5.78p makes a total of 8p (7.2p), up 11 per cent.

products, especially in the col-

Ocean Wilsons

sons Holdings fell 26 per cent from £3.09m to £2.28m in the six months to June 30. Turnover at the investment holding and shipping company

rose from £46.4m to £58.1m, an increase of 25 per cent. Earnings per share were 4.32p (4p) and the interim dividend is unchanged at 1p.

Pictet trust launch

Pictet Asset Management, the UK arm of the Swiss private bank, is to launch its first investment trust. The First Russian Frontiers

Trust will invest in companies

operating in the former Soviet

republics and satellites. The initial portfolio will concentrate on Bulgaria, Romania Russia, Ukraine and Uzbeki-No more than 15 per cent of the fund's assets will be in the more developed markets of the

Czech Republic, Hungary, Poland and Slovakia. Many of the investments will be in unlisted securities. Pictet already has about \$60m (£38m) invested in the The fund will be listed in

region, mostly through a Luxembourg-based umbrella fund London but dollar denominated, with an initial life of 10 years. Pictet aims to raise up to \$60m from institutional

investors, with a minimum subscription of \$50,000. This advertisement does not contain any information about The HSBC Chine Fane Limited ("Lie Company") other than the information set out below and should therefore be read in conjection with the listing particulars relating to the Company dated 26th October 1994 inhe "Listing Particulars"). Application has been made to the London Stock Exchange for the Ordinary Shares and Warrants of the Company to be admitted to the Official List.

### It is expected that Listing will become effective and dealings in the Ordinary Shares and Warrants will commence separately on 23rd November 1994. The Ordinary Shares and Warrants are already listend on The Stock Exchange of Hoog Roog Linited. THE HSBC CHINA FUND LIMITED

Introduction to The London Stock Exchange

54,009,600 ordinary shares of US\$0.01 each

1,798,400 Warrants (each entitling the holder to subscribe for six Shares) Sponsored by James Capel & Co Limited

The HSBC China Fund Limited is an investment company incorporated in M 1992 to provide investors with a vehicle to benefit from energing investment opportunities in China. opportunities in China.

The Investment objective of the Company is to achieve long term capital appreciation through investment in companies and other capities with significant assets, investments, production activities, trading or other business interests in China or which derive a significant part of their tevenue from China.

Copies of the Lesting Particulars are available for collection from the Company
Annuancements Office, the London Stock Exchange. Stock Exchange Tower, Capel Court
Estrance, off Bartholomew Lane, London ECL on 26th and 27th October 1994, Estimates, an outsided and some state of sea and 17th October 1994.

Copies of the Listing Particulars are also available from James Capel & Co. Limited,
Thames Exchange, 10 Queen Street Place, London EC4R 1BL. 26th October 1994

This announcement appears as a matter of record only.

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71

### Stakis buys London hotel

Stakis, the Glasgow-based hotel group, has bought Renthotel (UK) for £6.1m cash. Renthotel's only asset is the 92 bedroom Harewood Hotel,

opposite Marylebone Station in central London. Some £5m of the consideration is repayment of debt. A further £200,000 is payable in

respect of working capital.

of restructuring and disposing of Ashbourne Holdings, its nursing home operations. "Despite the increasing buoyancy in the London hotel market, this deal proves that it is possible to find good buying opportunities," said Mr David Michels, chief executive.

Blacks Leisure

Blacks Leisure Group, the camping, sports and fashion group, lapsed back into the red at the half year stage. Although still in the black at the operating line with profits of £339,000 (£499,000 from continuing operations), interest

charges and a £95,000 provision

for reorganisation pushed the group into a pre-tax deficit of 253,000 in the six months to August 27, against profits of £638,000. Nevertheless, Mr Simon Bentley, chairman and chief executive, was reasonably upbeat on prospects: "I do not believe the results fully reflect the progress made in the last six months," he said. Accord-

ingly, the interim dividend is

maintained at 0.75p; losses per

share were 0.62p (earnings of

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In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 25th October 1994 to (but excluding) 25th January 1995 the Notes will carry a rate of interest of 6.625 per cent, per annum. The relevant interest payment date will be 25th January 1995. The coupon amount per £1,000,000,000. Note will be £10,698.63 payable against surren-

£15.698.63 pevable against surren-

Hambros Bank Limited

Agent Bank

PAN-HOLDING

As of October 15, 1994, the

per share amounted as of

¢.

unconscilidated net asset value was USO 355,548,915,29, i.e.

USD 648,45 per share of USD 200

October 15, 1994 to USO 682.23.

equity funding. No other details were available. Sunset + Vine

Sunset + Vine, the television production company, reported a jump in pre-tax profits from a restated £106,000 to £1.02m for the year to June 30,

The company said the accounts had been prepared on

**LEGAL NOTICES** in the High Court of Justice 006606 of 1994 IN THE MATTER OF TLC pk IN THE MATTER OF THE COMPANIES ACT 1985

THE COMPANIES ACT 1985

NOTICE IS NEPLEBY GIVEN that a Pecition was on the 12th day of October 1994 presented to filer Majesty's High Court of Justice for the confirmation of the reduction of the store permium account of the above-named Company by 25°C, 763,000.

AND NOTICE IS FURTHER GIVEN that the said Pectition is directed to be heard before Mr Regentire But Left at the Royal Cours of Justice, Strind, London WCA ZIL on Wednesday, 30th November 1994.

ANY CREDITOR of shareholder of the said

November 1994.

ANY CREDITOR or shareholder of the said Costpany desiring to oppose the making of an Order for the conditionation of the said reducion of the share premium account should appear at the time of the insating in person or by Counsel for that purpose.

A copy of the said Pasition will be furnished to any sack person requiring the same by the undertunded solicitors on payment of the regulated charge for the same.

Detail bulk October 1984.

5 Appoid Street London ECZA 2HA Tel: 071 638 1111 Ref. SAW/sja

Dated 34th October 1994

Ashust Morre Crisp Broadwalk Honse

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# McKechnie rises 44% and seeks acquisitions

Midlands Correspondent

McKechnie yesterday m<u>ain</u>tained its dividend at the same level for the sixth consecutive year despite announcing a 44 per cent annual profits

The plastics and metals components group announced pre-tax profits of £35.3m for the year to end-July, compared with £24.5m, and declared its intention of making acquisitions in the Pacific area. Surope and North America.

"The business needs to be developed globally," said Mr Michael Ost, chief executive. Sharp increases in domestic sales have meant that 48 per cent of turnover comes from

Profits were swollen by £3.07m of exceptional items, the net gain from the acquisition of five companies, the disposal of three and the accounting treatment of goodwill. But the underlying £32.2m was at the top end of City expecta-

24.7p on an underlying basis, against 21.4p. The final dividend is 9.75p, maintaining the total at 14.75p. McKechnie intends to secure dividend cover of 2 before increasing payments. Cover provided by underlying earnings is 1.7.

Turnover rose to £420m (£314.4m), producing operating profits of £31.6m, against 521.7m. It was, said McKechnie, "a good year".

This was especially the case in the second six months, when profits before interest were 44 per cent higher than in the first half. That trend appears to be continuing. The new financial year has

shown a very satisfactory and

encouraging trading situation." the company said. The profits increase came from a combination of factors: the successful integration into its consumer products division of Savage, which produced £6.5m of operating profits, the strength of the Australian mar-

Earnings per share were tics losses in the US during the 27.1p on headline profits and second half.

**COMMENT** 

The wind is now behind McKechnie. With the exception of the UK housing products market, it is finding trading conditions more congenial across the globe. There is the expectation of further recovery in continental Europe, plus a full year's contribution from Linread, its latest significant buy. It is also obtaining the benefits of productivity drives. So the short term outlook is bright enough to contemple pre-tax profits of at least £42m for the current year. That would produce earnings of 30p. opening the way for patient shareholders to have a modest dividend rise. The shares are on a prospective multiple of 14.4 at yesterday's closing price of 433p. This is not particularly demanding if, in the longer term, McKechnie can build the muscle to make itself a global supplier in such sectors as

# **Bradford Property down 30%**

By Simon London

Bradford Property Trust, the UK's largest tenanted property company, reported a fall in pretax profits to £12.3m, against £17.5m, due to lower dealing

The company raised £8.7m from property sales in the six months to October 5, against

Bradford specialises in buying residential properties let at low rents under regulated tenancies, usually at a discount to reflect the sitting rights of the tenant. When vacant possesket rents.

The company said that decisions to sell or re-let when properties became vacant were driven by the quality of properties available. This results in fluctuations in the level of dealing profits.

Gross rental income increased from £9.8m to £10.4m. Costs of sales, including repairs, refurbishment and the cost of properties sold were

26.38m (£10.7m).

Mr Philip Warner, chairman said that quality residential investment properties were realising higher prices in the market than earlier in the year and that the company was accelerating its purchasing programme as a result. In the last full year, Bradford increased its stock of residential properties by only £1.5m.

In common with most other property groups, Bradford does not revalue its portfolio at the

### Prospect to pay £11.7m for Whessoe piping side

By Heather Davidson

Prospect Industries, the engineering services company, has agreed to acquire the piping systems division of Whes-soe for £11.7m.

The consideration will be

satisfied by the issue of 83.2m new shares to Whessoe at 14p apiece, which will be placed with institutional investors. Prospect also plans to raise £1m towards the costs of the acquisition and placing with the issue of 7.07m new ordinary shares at the same price. Qualifying shareholders will be invited to apply for 69.4m

shares on a 1-for-3 basis. The piping systems division of Whessoe trades as Aiton in the UK and Connex in the US, and is involved in the design anulacture of pipeworks for nuclear and fossil fuelled power generation plants. For the 10-month period to July 31 it incurred an operating loss of £2.7m on turnover of £22.7m.

According to Whessoe, this was the result of a lack of orders, an unsuitable product mix and contractual delays. Prospect's directors attribute its poor performance to relocation and manager ent change: at Connex, and believe the division is "already recovering from these setbacks".

The piping systems business has a large, under-used fabrication plant in Derby.

Prospect intends to move its UK repair, maintenance and piping businesses onto this site, and to integrate the manegement and purchasing of its new acquisition with one of its operating companies, Dunn. Mr Philip Wilbraham, chairman of Prospect, said it was a "unique opportunity for the company to expand its marketplace from a reduced cost

### Voting plan fuels family feud

Richard Wolffe explains the upheaval at Barr & Wallace Arnold

hen Nicholas and Robert Barr asked their uncle, Malcolm Barr, to stand down as chairman of Barr & Wallace Arnold Trust, the company's fate seemed to hang on the outcome of a family feud.

Like all family rows, the Barrs' brawl over the leisure and motor group has its roots in the past. But both camps claim they want to modernise the company with a new corporate strategy and enfranchise ment of the non-voting A shares, held almost entirely by institutions.

The brothers, who speak for 30 per cent of the ordinary shares, which enjoy voting rights, have played havoc with the retirement plans of their

67-year-old uncle.
Malcolm Barr, who is also chairman of the Leeds Permanent building society, had overhauled his management eam and planned to rid the company of its anachronistic two-tier share structure.

"The whole exercise is very much part of a management plan and obviously I am a part of that," he said. "I am 68 in December and, at some stage, am looking forward to retire-

"I think enfranchisement will do a lot for the company and a lot for the family. I do not think that good professional management like to be locked into companies with the two-tier structure because they cannot expand the company

In May, Malcolm Barr, who speaks for 16 per cent of the ordinary shares, appointed an outsider, John Parker, as chief executive. Mr Parker in turn annointed a new finance director, Brian Small

Last month Barr & Wallace reported a 40 per cent rise in pre-tax profits to £928,000 for the first half of 1994 on turnover 15 per cent up at £124m.



Generation gap: Robert (left) and Nicholas Barr - at loggerheads with their nucle, Malcolm Barr

Two weeks ago the brothers called an EGM to unseat both Mr Parker and Mr Small. They claimed majority support among voting shareholders, including the backing of Kerry Firth, a Barnsley-based businessman who owns 16 per cent

of the ordinary shares. The board countered by calling a second EGM to discuss enfranchisement of the A

A document, including proposals for a 1-for-1 scrip issue for ordinary shareholders, is imminent. At present there are 2.45m ordinary shares and 9.95m A shares. The plan would reduce family control albeit warring - from about 55

to 18 per cent. While the brothers say they support enfranchisement, they have pledged to vote against the plans while the present board remains intact.

Barr & Wallace Arnold was founded in 1908 by Malcolm Barr's father. For years Malcolm ran the company with his brother Stuart, who was managing director

However, the balance of family power changed two years when Stuart, father of Nicholas and Robert, died. His sister, Margaret Hook, left the board through ill-health.

Within a year Nicholas Barr had resigned as development director of the motor division which his father had built up. in July, the group sold its leas-ing wing, Trust Leasing, for £2.15m to Robert Barr, its managing director. The brothers now run the leasing company, renamed Barr & Barr.

"To some degree we were suppressed in the company, probably by the fact that it was a family company and the senior generation was intact until my father died two years

ago," said Nicholas Barr. "There was a degree of frus-tration, waiting for the day when you might get the reins

But we do not want to take it back into the dark ages of being a family company." The brothers' strategy is to split the leisure operation from

the motor division. Trust Motors, and run them as standalone companies. Nicholas Barr would be chief executive of the group, with responsibility for the motor business, while his brother would run the leisure company Yesterday they appointed NM Rothschild as advisers and

named Sir David Rowe-Ham, former Lord Mayor of London,

We saw the motor distribu-

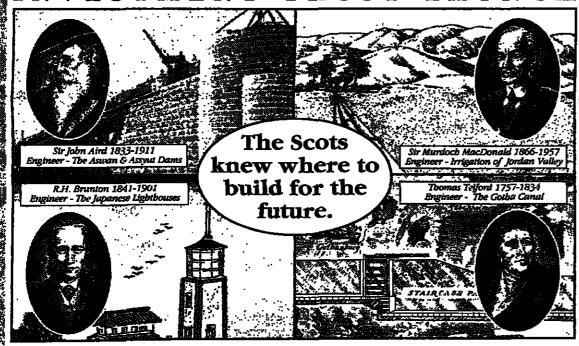
tion business grow in the 1970s into the tenth largest in the UK and now it stands at about thirtieth," said Nicholas Barr. "There is a lot of opportunity, but our feeling is that Trust Motors will not have a chance to benefit while the holiday business uses capital to

acquire hotels. The board, however, says the divisions are complementary. In terms of cashflow, the deposits on leisure bookings help to fund stocks at the motor division.

"When there are high interest rates, leisure does quite well because the average age of our passengers is 65, and they live on their pensions," said Mr Parker. "High interest rates also mean people do not buy a lot of cars because it costs a lot of money to fund them." The board rejects claims that it has ignored the motor division by pointing to its £3.66m acquisition of a Mercedes dealership in Bristol in August. There are plans for another two or three acquisitions on the motor side.

In January, Malcolm Barr retires from his chairmanship of Leeds Permanent. The question remains whether he will still be chairman of the company which bears his family name.

#### Interest charges dropped to £188,000 (£641,000). The interim half-year. At the full year it owned properties with a mardividend is increased by 10 per ket value of £287m, some 60 per cent to 3.2p, payable from INVESTMENT TRUST LAUNCH



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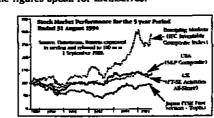
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### Flotation likely to place £80m tag on Ashbourne

Ashbourne Holdings, the nursing home operator acquired last year in a £50m management buy-out from Stakis, the hotels and casino group, yesterday said its forthcoming flotation would value the company at more than

The management buy-out team, which admitted it had purchased the business "at a very good price", aims to raise about £50m from the placing and open offer.
Funds raised will be used to wipe out the group's £47.8m

borrowings, enabling it to build new homes and buy development sites with £25m of fresh borrowing.

The pathfinder prospectus, published yesterday, showed operating profits from the existing 19-home portfolio increased from £5.49m to £6.12m during the 12 months to

October 2. Interest payments of £5.19m (£3.05m), however, led to a sharp fall in pre-tax profits from £3.4m to £1.19m, on turnover up 9 per cent at £23.5m.

At the operating level, the group enjoyed profit margins of 26 per cent and Mr Tom Hamilton, chief executive, said its high proportion of private patients promised further growth.

He and fellow directors who invested £200,000 at the buy-out stage - should see the value of their holding increase to between £2m and £2.4m if

the issue is fully taken up.
"It looks a big ratio increase, but the existing shareholders will not be selling their stakes," said Mr Lawrence Guthrie of Charterhouse Bank, sponsors to the float.

### JJB chief to net £13.5m from stock market debut

By Christopher Price

Mr David Whelan, chairman of JJB Sports, the retailing group due to come to the market next month, will make around £13.5m from the flotation. JJB, which Mr Whelan

founded in 1971, is the UK's largest independent sports retailer, branches. The float will involve the issue of some 30m. new shares and the placing of about 35 per cent, which should raise approximately £22m, £8.5m of which will be new money. Mr Whelan and his family interests will retain

63.4 per cent. According to the pathfinder prospectus published yesterday, the board is forecasting operating profits on continuing operations for the year ending January 31 1995 of not less

than £6.5m. Last year the

group achieved £4.71m on turn over of £41.2m. For the six months to July 31, profits were £2.54m on turnover of £24.8m. Historic earnings per share for the year to January 31 1993 were 12.4p.

JJB – which has a key-man

insurance policy on Mr Whelan worth £1m - will use the cash injection to pay for its re move to new premises and look for acquisitive opportunities in the sports retailing market. Mr Whelan said he would

use the proceeds of the sale to invest in other areas of the stock market. Remuneration for Mr Whelan and his five fellow direc-

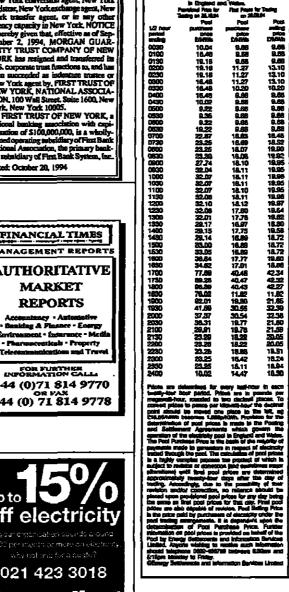
tors will amount to a basic salary of £50,000 each plus 0.5 per cent of profits before tax. Impact day, when the shares will be priced, is scheduled for

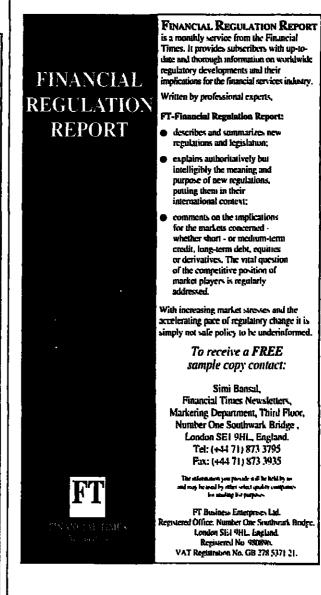
November 11, with dealings beginning one week later.



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### EU farm ministers agree to cut cereals set-aside

European agriculture ministers last night agreed to reduce the amount of land that arable farmers are obliged to take out of production from 15 per cent to 12 per cent.

The move to cut set-aside, aspect of the 1992 common expected to please French and British cereal farmers who have been vociferous in demanding a reduction. French farmers demonstrated as ministers began their meeting on Monday, urging a cut of at least 5 per cent.

The National Farmers' Union the single most unpopular in England and Wales had warned that EU cereal producers could have difficulty main-

aside remained at 15 per cent. Mr William Waldegrave, UK agriculture minister, said Britain had accepted the Luxembourg council decision on the basis that it would be neutral for the CAP budget.

The 3-point reduction will apply for next year only, and the level of set-aside will revert to 15 per cent the following year unless member states The European Commission earlier this month proposed a decide a further change. EU cereals output is expecreduction of 2 percentage points following a fall in cereal

of the MacSharry reforms.

year to around 162m tonnes, compared with harvests of tonnes in the past year and about 185m tonnes before the two lower harvests in the wake reforms were implemented.

The reforms were aimed at curbing overproduction through cuts in support prices of 30 per cent over three years, and through set-aside. This was designed to go up or down targets were being reached.

missioner, said strong world market prices, plus the CAP reforms, had left EU cereal prices higher than desired. He forecast a net increase in grain output of 3.5m tonnes after yesterday's decision.

Commission officials said the decision could be implemented only after the European Parliament gave its opinion.

### International plant 'genebanks' come under UN auspices

By John Madeley in Washington

An agreement will be signed in Washington today to place some of the world's most important collections of plant genetic resources under the auspices of the United Nations Food and Agricultural Organi-

The collections, known as "genebanks", are housed in 12 research centres in Africa,

Asia and Latin America but are funded by the Consultative Group on International Agricultural Research, a network of 43 public and private sector

The centres concentrate their research on the world's most important staple foods, including rice, wheat, maize and other cereals. Together they hold 500,000 different samples of plants, which are vital for breeding crops of the

This accounts for some 35 per cent of all the world's collection. They include 80,000 rice samples at the International Rice Research Institute in the Philippines and 35,000 wheat samples at the international Maize and Wheat Improvement Centre in

Following the signing of the Biodiversity Convention at the earth summit in Rio in 1992

there has been confusion about the legal status of the gene-

ted to drop significantly this

Countries that donate sam ples to the genebanks feared that they might not benefit from any breeding improvements to their samples. But the new agreement legally brings the genebanks under the Biodiversity Convention and puts donors of samples in a position where they could Mr Geoffrey Hawtin, director of the International Plant Genetic Resources Institute, said the agreement "resolves the status of the collections held in the centres' genebanks; it will mean they continue to be freely available for breeding

and use " The agreement allows the 12 research centres to become legal trustees of the collections they house and could pave the way for other international and national collections of plant samples to be placed under a similar arrangement. It will be signed at the annual meeting of the CGIAR, which is being held this week, by the group's chairman, Ismail Serageldin, and Mohamed Zehni, of the FAO.

These genetic resources will be invaluable in the application of science for the benefit of the world's poor," said Mr

### Tractor import plan draws fire of Pakistani manufacturers

#### Cheap eastern European machines are seen locally as unfair competition, writes Farhan Bokhari

large front page advertisement in a local newspaper says it all. Please stop the import of tractors and save Pakistani tractor

industry." it reads. Pakistan's tractor industry is fighting a populist plan by the government of Ms Benazir Bhutto, the prime minister, that would give tractors imported from Poland and Belarus to farmers at low

The plan, for importing up to 60,000 tractors by next year at a cost of Rs9bn (US\$88.8m), is set to create at least a miniboom for tractor producers in the two former communist countries. But in Pakistan, the local industry strongly resisting the plan, arguing that it would lead to large scale losses for the two larger local producers - Fiat and Massey Ferguson, which together account for up to 90 per cent of the

annual sale of about 16,000 to reverse its decision to stop

These companies, together with smaller factories that manufacture some of the spares, are also opposing an official decision to set aside all government loans for the purchase of imported tractors only. They argue that there would be no governmentbacked credits left to allow farmers to purchase their tractors. Up to 90 per cent of the tractors sold in the local market in recent years have been bought on such loans, which are repayable over an 8 year

"If the government does not allow us to participate in the plan, the entire tractor industry will receive a severe jolt" says Mr Sikandar Khan, Chairman, Millat Tractors, the manufacturer of Massey Ferguson machines in Pakistan. Mr Khan is urging the government

official credit for the purchase of locally assembled tractors, even if the price is higher than the imported tractors.

"Farmers must be given a choice," he insists. "If they like our tractors, they will buy

o far, the government has refused to accede to the local industry's demand unless they can sell their 50 horsepower tractors for under Rs150,000. But neither Fiat nor Massey Ferguson is willing to sell these machines at under Rs230,000, arguing that any further cuts would result in huge

"The local industry should also take its profits down, says Mr Makhdoom Altaf Hussain, finance minister of the province of Punjab, which absorbs more than half of the new tractors sold in Pakistan

every year. "They don't necessarily have to make large prof-

Privately, senior government officials contest the industry's claim and argue that there is room for further price cuts. They also say that a drastic rise in the price of tractors during the past decade has made it increasingly difficult for farmers to buy new machines and

However, tractor factory executives such as Mr Khan and representatives of tractor dealers' associations are confident that even if their prices are higher than Poland's or Belarus's, farmers will prefer to buy their tractors rather than imported ones, provided there is no discrimination in the availability of official

This confidence is partly justified by the well established repair and maintenance net-

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work that has sprung up across this country over the past two decades, which can serve the needs of Fiat and Massey Ferguson tractors.

Some tractor dealers concede that the new tractors may not have a long-term future in Pakistan, in the absence of similar repair networks. In a country where literacy is low and few tractor mechanics are properly trained, there is little prospect that repair shops will be set up as the new tractors

start arriving. The controversy has also once again exposed the opportunities for the abuse of tractor credit given by the government. Senior bankers say privately that up to 60 per cent of the tractor loans have never been fully repaid within their time limit.

Evidence of that abuse is also visible at dealers' showrooms across the country. Prinot too far from Millat Tractors outside Lahore, the capital of Puniab, offer both Fiat and Massey Ferguson tractors for up to 15 per cent less than the price offered by the local manufacturers. In all such cases, the only catch is that the trac tors offered were originally bought under a government agricultural loan and not

Local businessmen opposed to the government's plan say that the new tractor scheme will only further encourage the abuse of such credits. In one year alone, the import of 60,000 tractors, or four times the number sold here each year, will allow more people to seek government credits. "The abuse will only be more because there will be more opportunities to do just that,"

Base metals prices were back on their upward track by the meant to be resold for up to 8 afternoon trading.

> contracts in the final minutes, traders said. "It was all largely technical,"

Australian crop gloom deepens as drought persists

Official forecasts for Australian wheat production were lowered again yesterday. because of the continuing drought, which is crippling key growing areas on the east coast. The country's overall winter crop production is now expected to be the smallest for

According to the Australian Bureau of Agriculture and Resource Economics, the government forecasting and research agency total winter crop production is likely to more than halve from last year's 28.2m tonnes, to just 13.08m tonnes. Wheat production, meanwhile, is forecast to

be a mere 8.3m tonnes.

If the latter prediction proves correct, this will be the smallest harvest since 1972-73 and a reduction of over 50 per cent on the 1993-94 figure. Abare had already cut its forecast for winter crop production several times, as key planting seasons were missed. It said that the latest predictions reflected the continued deterioration in cropping conditions in all major Australian regions and an expectation that rainfall would remain below average until at least autumn next

In Queensland, which has been hit hardest by the climatic conditions and where farmers are now facing their fourth year of drought, the wheat crop could be as little as 200,000 tonnes, said Abare. The last time production fell to this sort of level was in 1970-71. The Queensland barley crop, meanwhile, was estimated at 30,000 - a level not seen since the

mid-1930s. In New South Wales, the other state very seriously affected by the drought, winter crop production was estimated at only 750,000 tonnes, some 7m tonnes less than in 1993-94. Wheat production was forecast to fall by 91 per cent, to 440,000 tonnes - well below levels seen in the 1982-83 drought, NSW barley production was put at 135,000 tonnes, one of the low-

yst

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est figures on record. Even in Western Australia, which is forecast to provide the lion's share of 1994-95 wheat crop, Abare noted that crops were being stressed by hot temperatures and below average October rainfall. However. it said that the predicted 5.4m tonne crop would still be above

#### MARKET REPORT

### Base metals prices rally

end of London Metal Exchange

A strong NICKEL market in the after hours "kerb" session ushered in impressive rises in the COPPER and ALUMINIUM

one said. "A lot of the longs were shaken out earlier. Once there was no further selling. speculators were happy to take it on again."

Nickel's strength followed a successful attempt to hold above \$7,000 a tonne for three months delivery. Covering and stop-loss orders carried it to

Compiled from Reuters

Aluminium	-32,375	10 2,088,650
Akuninkan atov	+20	to 25,680
Copper	-1,825	to 336,775
Lead	+2,525	to 372,650
Nicksl	+672	to 148,638
Zinc	-2,400	to 1,236,179
Ths	+15	to 31.235

#### COMMODITIES PRICES BASE METALS LONDON METAL EXCHANGE M ALUMINIUM, 99.7 PURITY (\$ per tonne)

Previous	1718-9	1740-1
High/low		1762/1735
AM Official	1723.5-4.0	1748,5-7.0 1782-3
Kerb close Open Int.	257,749	1/62-3
Total daily turnover	49,548	
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E ALUMINIUM ALL	JY (S per come	<del></del>
Close	1720-5	1750-5
Previous	1705-10	1740-5
High/low	1710	1760
AM Official Kerb close	1708-9	1740-5 1760-5
Open int.	2.859	1100-0
Total daily turnover	923	
ELEAD (\$ per tonne		
Close	644,5-5,5	659-9.5
Previous Hish/low	646.5-7.5	669-60
AM Official	847.5 647-7.5	664/857 662-2.5
Kerb close	941-173	661-2
Open int.	41.995	001-2
Total daily tumover	5,484	
MICKEL (S per for	nnei	
Clase	<del></del>	
Previous	6945-55 6855-65	7055-60 6965-70
High/low	6935	7130/7000
AM Official	6935~40	7053-4
Kerb close		7125-30
Open Int.	66,967	
Total deily furnover	19,307	
TIN (\$ per tenne)		
Close	5520-30	6605-10
Previous	5460-70	5545-50
High/low	552 <del>5</del>	5720/5570
AM Official	<b>\$520-30</b>	5600-5
Kerb close Open int.	17,059	5710-20
Total daily turnover	4,898	
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ZINC, special hig		
Clase	1065.5-6.5	1088-9
Previous High/low	1061-2	1083-4 1 <i>095/1083</i>
AM Official	1063-3.5	1085-8
Kerb close	1000 440	1095-6
Open Int.	101,660	
Total daily turnover	23,400	
E COPPER, grade	A (\$ per lonne)	
Close	2582-3	2569-70
Previous	2560-2	2555-7
High/low	2595/2592	2586/2565
AM Official	2596-7	2575-5.5
Kerb close Open mt	216,452	258\$-6
	7R CHTL	
Total daily tumquer	78,903 C/S restre 1 52	<del>40</del>
IN LIME AM Official	E/\$ rate: 1.63	88
III LME AM Official LME Closing E/S	E/S rate: 1.63 rate: 1.6358	88 
IN LIME AM Official	C/S rate: 1.63 rate: 1.6356 rete:	<del></del>

PRECIOUS METALS III LONDON BULLION MARKET

121,05 +1,70 121,05 119,35 119,85 +1,60 119,00 119,00 119,25 +1,35 119,70 117,80 118,65 +1,30 118,00 +1,25

1,113

389.20-389.60 390.20-390.60 389.60 389.20 390.20-390.60 388.70-389.10 389.30-389.70 Loco Lán Mean Gold Lending Rates (Vs USS)

US cts equiv. 533.00 540.15 \$47.70 \$65.15 p/troy 02. 325.00 329.60 334.80 347.05 £ equiv. 240-243 Krugemand Maple Loaf

'n

Precious Metals continued M GOLD COMEX (100 Troy oz.; \$/troy oz.) Day's 390.3 390.0

390.7 82,501 394.3 18,588 398.3 8,196 401,9 9,882 14,614 747 19 37 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) -0.3 428.0 424.9 86 -0.3 428.0 424.1 20.352 -0.3 431.5 429.0 3.553 -0.7 - 358 434.2 438.9 441.9 # PALLADRUM NYMEX (100 Troy oz.; \$/troy oz.) 157,80 +1,35 158,90 156,50 4,502 271 158,00 +1,45 158,00 158,00 1,628 28 160,00 +1,45 160,50 159,00 388 106 6,468 403 # SILVER COMEX (100 Troy oz.; Cents/troy oz.) 108 537.0 531.5 75.563 10,783 541.0 536.5 73 546.0 540.0 16,563 818 548.0 547.0 4,684 22 111,321 11,509

17.35 111,120 28,143 17.46 13,380 11,378 17.46 28,968 3,947 17.45 23,906 2,407 17.45 17,882 453 17.46 11,723 377 381,823 50,107 17.60 17.62 17.59 17.56 17.53 17.50 A CRUDE OIL IPE (\$150

HEATING OIL NYMEX (42,000 US guils; c/US guils.) Sett Cay's price change

100,471 M NATURAL GAS NYMEX (10,000 semblel; S/mresel) | 1.947 +0.013 | 2.040 | 1.930 | 1.945 | 18,095 | 2.042 | 2.030 | 2.040 | 2.566 | 18,035 | 1.945 | 4.000 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.060 | 2.0 1.940 1.900 12,224 1.930 1.910 6,706

IN UNILEADED GASOLINE Day's change High Low GRAINS AND OIL SEEDS MHEAT LCE (2 per torine)

-0.25 189.00 189.80 1,558 -0.25 111.00 110.80 1,543 -0.46 - 200 - 46 215 Der Mar May Joi Sep Des Total -4/9 405/4 -4/6 415/6 +5/6 391/0 -3/2 356/0 -1/4 356/4 -2/2 367/4 77.679 16.065

MAIZE CBT (5,000 bu min; cents/56to bushet) M BARLEY LCE (R per tonne) 101.85 +0.15 101.80 101.25 104.10 +0.30 104.10 103.65 108.30 +0.05 108.90 106.75 108.40 +0.05 108.75 108.75 92.40 -7.35 39 26 -2

SOYABEAN OIL COT (60,000lbs: cents/fb) SCYABEAN MEAL CET (100 tons; \$/ton) Nov 150.0
Nar 103.0
Apr 222.0 +3.5 222.0 220.0 1.296
Mary 240.0
Jun 107.5
Total 1,366
M FREIGHT (BIFFEX) LCE (\$10/index point)

Oct Nov Sec Jan Apr Jul Total - 18200 18130 23,740 - 15350 182,00 23,750 - 025 154,75 15350 20,570 - 025 155,75 155,00 7,896 - 025 155,50 155,00 8,955 - 025 154,25 153,50 2,238

į١

138,419 85,226 48 52.90 50.75 12.805 13.846 76 -0.09 58.45 67.35 22.507 11.870 70 -0.09 56.10 55.20 14.752 4.757 -0.10 54.00 54.15 6,622 947 -0.10 54.55 54.40 3.555 480 -0.04

May Jul Sep Dec Total -1/6 217/4 215/0 122,839 31,505 -1/6 228/4 228/2 58,268 6,401 -1/6 258/6 254/6 25,131 2,606 -1/4 247/2 249/2 21,092 2,860 -1/4 247/4 245/2 2,463 191 -1/0 251/6 250/2 12,865 1,138 -251,628 44,778

4/6 554/4 545/6 43,741 33,239 4/4 5660 558/4 39,838 10,947 4/6 576/2 569/4 22,210 3,551 4/2 563/0 576/2 10,167 1,419 4/4 563/0 567/2 17,532 1,782 4/4 562/0 567/0 1,153 51 142,486 52,077 -0.32 28.24 25.78 33,743 11,331 -0.25 25.27 24.88 13,804 4,025 -8.16 24,73 24.45 13,043 2,471 -0.09 24.34 24.12 11,121 603 -0.06 24.12 23.90 7,415 736 -0.05 23.95 23.90 2,146 2 -0.05 23.95 23.90 2,146 2 8,024 1,892 1,422 726 1,036 128 13,872

Minor Metals
European free market, from Metal Bulletin, \$
per ib in warenouse, unless otherwise stated
fast week's in brackets, where changed, Antimony: 9.8%, \$ per tonne, \$,770-5.915 [5,7605,870]. Bismutic min. 99.99%, forme lots 3,804.00 (3.65-4.00). Cadmittem: min. 89.85%,
485-200 (200-215) cadmittem: min. 89.85%,
485-200 (200-215) cadmittem: min. 89.85%,
485-20.200-215.026.75). Mersuny:
min. 99.99%, \$ per 76 ib test, 110-135.
Metybolenum: drummed metybolic oxide, 4.705,00 (4.10-4.30). Solenburg: min. 99.5%, 3.354,55 (3.35-4.65). Turgasten ere: standard min.
65%, \$ per tonne unit (10kg) WO., cit, 45-55.
Vanadium: min. 98%, cit, 1.35-1.50. Uranium:
Nuesco exchange value, 7.00.

SOFTS III COCOA LCE (E/ton

3545 5,484 483 3958 11,295 1,401 3515 8,290 383 3500 3,020 28 1,330 -1,408 -

233

12.86 95.108 8.045 12.61 23.161 1.872 12.53 14.519 722 12.12 12.937 418 11.80 1.784 45

1,399 12 850 6 543 59 24,788 3,164

+34 3625 +35 3625 +60 3580 +43 3635 +50 -+55 -

195.45 -1.30 199.80 194.90 13.067 4.990 200.50 -1.15 205.00 200.00 12.243 1,338 202.55 -1.20 207.00 202.00 4.737 308 202.75 -2.25 206.00 205.25 1,600 44 203.00 -2.00 206.25 203.00 883 21 207.50 -2.00 203.50 203.50 844 -

III COFFEE 'C' CSCE (37,500lbs; cents/lbs)

COFFEE (ICO) (US cents/pound)

12.97 12.91

NOT PREMIUM RAW SUGAR LCE (cents/fbs)

348.00 +0.50 348.90 347.00 3,146 341.30 +1.30 342.30 336.90 9,065 339.80 +1.10 344.70 337.50 2,132 337.00 +1.20 337.00 336.30 2,479 316.00 +0.70 - 496 314.90 +0.70 - 4

71.88 +1.26 72.20 70.39 22.709
73.25 +1.22 73.50 71.80 13.445
74.37 +1.12 74.90 72.95 6,762
75.50 +1.40 75.95 73.70 4.085
70.85 +0.85 71.00 69.20 537
70.00 +0.85 70.00 69.25 2.332

III ORANGE JUICE NYCE (15,000/bs; cents/bs)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

1270 -4.01 1278 1268 -0.02 1276 1256 -0.02 1255 1220 - 1224 11.82 +0.02 11.88 11.82 +0.02

TOTTON NYCE (50,0000s; cents/lbs)

Dice High Jul Det Dec Total

975 14,417 996 5,209 1005 12,418 1025 8,536 1339 1383 1413 1422 1312 27,390 3,527 1358 22,682 1,284 1389 8,061 122 1415 3,027 -1,382 61 Pec Feb Apr Just Aug Oct Total -10 -10 -10 -9 -9 3,027 -1,382 61 4,985 5 71,797 5,045 1475 ■ COCCA (ICCO) (SDR's/tome

Feb Mar May Jul

LONDON TRADED OPTIONS Strike price \$ torane 112 98 66 33 44 56

LONDON SPOT MARKETS # CRUDE OIL FOB (per barrel/Dec)

\$15.63-6.85z \$17.56-7.58z IN OIL PRODUCTS NWE Premium Gasoline Gas Oli \$182-185 \$153-165 Ges Oil Heavy Fuel Oil Naphtha Jet fuel Diesel 71) 968 8792 

\$421.75 \$158.35 Copper (US prod.) Lead (US prod.) 124.0c 39.15c 13.88c 256.5c 116.67p Tin (Kusia Lumpur) Tin (New York) Cattle (five weight)† Sheep (five weight)† Pigs (five weight) Lon. day sugar (rav Lon. day sugar (wi Tala & Lyle export \$317,30 \$352,00 £306,00 Barley (Eng. teed) Maizs (US No.3 Yellov Wheat (US Dark North) Rubber (Nov)♥ Rubber (Nec)♥ Rubber (KL RSS No1 Jul) \$400.00

INDICES E REUTERS (Base: 18/9/31=100)

VOLUME DATA

Oct 24 month ago year ago 2071.7 2 2113.1 1585.5 E CRB Futures (Base: 1967=100) month ago year ago 232.24 218.64

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CRT, NYCE, CMC, CMC and IPE Crude QI are one day in arrears.

MEAT AND LIVESTOCK II LIVE CATTLE CME (40,000/bs; certs/fb;

Day's Open change High Low int 69.725 -0.425 70.250 69.550 68.575 -0.530 69.150 68.400 88.825 -0.300 69.230 68.675 19,184 65.375 -0.150 65.600 65.200 12,883 64.425 -0.125 64.725 64.400 3,786 65.250 -0.150 65.350 65.250 1,373 4,256 2,109 688 73 88,551 17,258 38.400 -0.175 34.200 33.350 51 36.550 -0.650 37.150 36.500 18,253 36.725 +0.125 37.150 36.700 7,326 3,793 830 341 110 18 5,371 42.100 -0.100 42.500 42.000 41.700 +0.075 41.900 41.500 38.650 -0.075 38.900 38.650

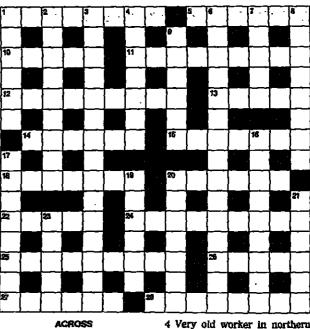
38.550 -0.925 40.750 39.450 8,702 2,168 39.775 -0.925 40.850 39.550 1,004 94 40.775 -0.900 42.100 40.775 320 36 41.400 -1.200 42.600 41.300 301 40 40.700 -1.250 -40.700 65 2

ECOPPER (Grade A) LME 121 98 78 E COFFEE LCE 272 249 230 E COCOA LCE BRENT CRUDE IPE Nov Dec 84 89 41

prompt delivery CIF (torne

Gold (per tray ca) \$
Silver (per tray ca) \$
Platinum (per tray ca)
Palladium (per tray ca) +1.25 +0.75 +1.0 -0,07 -1.57\* -0.90° +0.20 -1.00 -1.00 Coconut Oil (Phil)§ Palm Oil (Malay.)§ Copra (Phil)§ Sovetherna (US) **+5.0** 

No.8.594 Set by PROTEUS



**CROSSWORD** 

6 Non-representational artist 10 Novice in poor shape on bot-tom deck (5) 11 Angry about having to make spread about ten nasty snakes (8) 12 Brief respite sometimes 9 Bill at the pillar-box? (6)

needed by snooker player 16 Member of sect giving one (5.4)

13 Rove at large on the moun17 A poor paper book it is obvitains (5)

14 Fit of the sulks when every18 Peddler of sham jewellery is body gets in bed (6)

15 Detail nobleman to follow soldier (7)

18 Profess to give prior care? (7)

20 Proceed to make restoration

18 Profess to give prior care? (7)

20 Proceed to make restoration

21 Balti-headed bird-dog (6)

22 Position, we hear, looks a

(6) 22 When firm has something worth having (5) 24 Make denunciations until fame is won? (9) 25 Greens end run on bears (9) 26 Object to night out (5) 27 The sway of the rubbish-col-

Insect on top button of garment (6)
 Arrange to pass place (9)

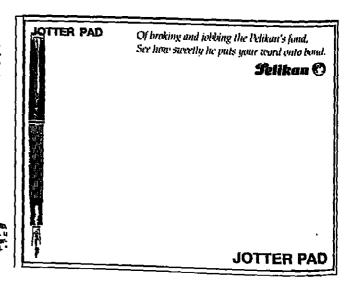
lector (6) 28 Going in for charm (8)

Solution 8,593

French company (7)

veneration (5)

having to summarise article about playwright (8.7)



#### LONDON STOCK EXCHANGE

### FT-SE Index struggles to hold the 3,000 mark

By Terry Byland, UK Stock Markets Editor

The fortunes of the dollar and the US bond markets continued to undermine equities in London yesterday. The market plunged through the FT-SE 3,000 mark at the opening and although the Index managed to struggle back to this benchmark at the close, the mood remained depressed.

The recovery in the second half of the session reflected the rally in New York bonds. The final reading of 3000.9 on the FT-SE Index showed a fall on the day of 28.2 points, but the index had been down to 2,985.6.

The weakness in Federal bonds, reflected in the move above 8 per cent in yield on the key long bond, overwhelmed all other factors in UK equities yesterday morning. However, the stock market also BTR, RTZ, Reed International, Britreacted uncomfortably to the latest survey of business opinion from members of the Confederation of British Industry, which referred to expectations of higher prices. This fuelled fears that the next rise in base rates might come before the end of the year, especially if US bonds continue to exert similar

upward pressures on global rates. Although trading volumes remained moderate yesterday, one leading US investment bank was believed to have lost money heavily after taking on a very large sell programme which had to be passed on into the market after share prices had fallen heavily. The programme, displayed on the trading screens just before the close of dealing, included substantial tranches

of stock in such leading names as

ish Gas and Abbey National.

The programme also took in a large number of small-capitalised stocks, which are notably difficult to unload when markets are weak. and are likely to have cost the US bank dear in yesterday's conditions. Trading programmes have become high risk operations in a volatile

Stock index futures provided the impetus for much of the action in equities. The FT-SE Index opened nearly 30 points down and gave further ground as bonds slid lower. Turnover in equities was fairly restrained at first, with market traders unwilling, to venture into

The Seaq total was swollen later when the sell programme was printed and the final total of 589.7m

shares was nearly 25 per cent up on the previous session. Non-Footsie business made up around 56 per cent of the total business.

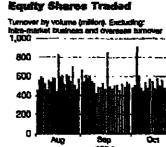
Losses among the dollar-earners played a significant role in depressing the FT-SE 100 Index; City analysts calculate that that around one fifth of aggregate profits of the Footsie -listed companies are influenced by the dollar's fortunes. However, oil shares proved relatively resistant to dollar pressures and utility stocks strongly outperformed the market on dividend optimism.

Base rate nervousness showed itself in weakness among the retail and consumer stocks, where most of the high street store groups gave ground. There were few beneficiaries, however, from the CBI report's stress on investment plans among

Traders stressed that the sharpness of the market's bounce when New York steadied - the Dow Average was 7 points up in UK hours implied that London could open higher today if US bonds extend their recovery.

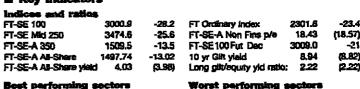
This afternoon brings the disclosure of the latest monthly US durable goods figures, which have in the past proved highly significant for US bond trends. Analysis are predicting a small fall after the 6.1 per cent gain in the previous monthly data, a trend which could prove helpful for bond markets. But confidence will be tested later this week when Washington releases statistics on unemployment claims and third quarter gross domestic product. Markets are also nervous ahead of tomorrow's meeting at the Bundes-





**E** Key Indicators

1,475



### Electricity .. Tobacco Printing, Paper & Pckg... Textiles & Apparel ......

### **BP** firm against the trend

THE P

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in launch

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7 to 5 <u>11,</u>

人工工

BP was one of only a handful of FT-SE 100 constituents to make progress yesterday, the shares responding to excellent exploration news from its latest well in the Foinavon field, west of the Shetland Islands but also to better than expected third-quarter figures from a number of US oil majors. BP is scheduled to announce thirdquarter results next Tuesday.

Stock index futures fell for the

third session in a row, moving

decisively down through the

3,000 level at one stage in

heavy trading volume, writes

# FT-SE 100 INDEX PUTURES (LIFFE) \$25 per full index point

Open Sett price Change High Low

3003.0 3009.0 -21.0 3016.0 2961.0 3009.0 3030.0 -22.0 3033.0 3009.0

3480.0 3475.0 -30.0 3480.0 3470.0 360

2825 2875 2826 2975 3025 3075 3125 3175 162 11½ 146½ 17½ 118 29 76½ 45 80 83½ 30 98½ 17 135 8 175½ 200½ 27 171½ 38½ 139 53 105 71 77½ 33½ 85½ 121 37½ 132½ 23½ 188 226½ 32½ 157½ 62 163 106 85½ 165 257½ 57½ 1805 88 134½ 182 32½ 182

NR FT-SE MED 250 INDEX FUTURES (LIFFE) 210 per fus index point

IN FT-SE MIID 250 INDEX PUTURES (OMLX) \$10 per full index point

RE FT-SE 100 INDEX OPTION (LIFFE) (2999) 210 per full index point

NE SURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per full index point

EURO STYLE FT-SE MED 250 INDEX OPTION (OMLX) 210 per full index point

3475.0 Dec - 3475.0 - - - -All open interest ligares are for previous day, † Easet volume abown.

Analysis were sceptical of, but 204/24a 4 in the Foinavon field; refused to rule out completely, "It suggests the area will be a refused to rule out completely. the chances of an increase in the quarterly dividend.

Another bull point for BP,

sector specialists said, was the absence in recent sessions of any substantial selling from the US. A number of US funds, who bought into BP around 18 months ago at around the \$50 mark for each ADR, the equivalent of 12 BP ordinaries, have been persistent sellers of the stock from \$70 unwards. US holdings are now below the 20 per cent mark, compared with a peak of over 26 per cent.

Analysts were enthusiastic

about flow rates averaging 17,000 barrels a day from well

The FT-SE 100 December

of 32 points in what traders

contract swung through an arc

Est vol Open int.

19975 52684 52 3779

**EQUITY FUTURES AND OPTIONS TRADING** 

the Foinavon block and Shell 20 per cent. Elsewhere, west of the Shetlands BP and Shell are mostly 50/50 partners. BP were marginally higher at 411p. Shell fell 6% to 694p.

major new oil province for

both BP and Shell and it could be that the market has not

fully taken on board the finan-

cial impact of this," said one.

BP has an 80 per cent stake in

Cadbury hints

Concern that Cadbury-Schweppes might be poised to make a fresh acquisition were sharpened by an announce-

There were 18,600 contracts.

an average for last week of

less than 13,000.

against 5.523 on Monday and

At the official 4:0 close, the

December contract was 3,009.

down 21' points. At this level

market was around 9 points

volume reflected the strong

swings in the cash market

provide direction. The low

point for the December

with plenty of two-way

business allowing traders to

deal in amounts larger than

has been the norm recently.

mirrored index futures volume,

roaring ahead to 49,676 lots

turnover accounted for more

British Airways was far and away the most actively dealt

individual stock option turning

from 13,951 on Monday. FT-SE and Euro FT-SE

at 2,081.

with fair value premium at 14

Traders said the upsurge in

rather than any real attempt to

contract was just after mid-day

Quality of business improved

the premium to the cash

lysts favour the second possi-bility, that Cadbury will wait soft drink group's stake in Dr Pepper/Seven-Up, third biggest soft drinks group in the US. Cadbury filed an amendment have reached an acceptable level and sell its stake to fund to Schedule 13D - an obligatory Beecham's Lucozade and

requirement for large holders of stakes in US companies relating to its investment in Dr Pepper. The amendment is seen principally as an update but ensures that Cadbury has the possibility of changing its 25 per cent stake significantly.

There are two likely scenarios, according to the market. First, Cadbury may make an outright bid for Dr Pepper because it has, so far, been unable to obtain a seat on the board. However several ana-

#### TRADING VOLUME



mis-selling of personal pen-One marketmaker described the SIB news as "slightly less worrying than the market had been expecting," but pointed out that it would "leave a shadow over the sector until the mess is sorted out."

There was heavy trading in Prudential shares, where turnover reached 7.3m, with the stock price down 5 at 297p, while Legal & General dipped 7 to 4290 on 1.1m traded and Lloyds Abbey Life 3 to 327p.

until the Dr Pepper shares

an acquisition of SmithKline

Either way, it is likely to

increase gearing. Last year the company spent £476m last year

on acquisitions, raising £340m

of the cost through a rights

issue. Nevertheless, it has said

it can finance £400m to £500m of acquisitions without recourse to shareholders. Cad-

bury shares fell 10 to 425p.

Dr.Pepper/Seven-Up shares

were up around 10 per cent

The life assurance stocks

were easier, but no worse than

the wider market, after the

Securities and Investments

Board published its review of

during London trading hours.

Ribena arm.

Dealers pointed out the continuing heavy trade in Stan-dard Chartered, where turnover reached 5.8m shares, and the outperformance of the shares, steady at 279p, following further aggressive buying said to have been unloaded on

**NEW HIGHS AND LOWS FOR 1994** 

RT (1) P & O SWOE PILL, SOUTH

TRANSPORTE (I) P. A. O. Silge Pici, SOUTH APPEGANS (I) Tongust-habits R1. Hery Lower page.

ÖLTS (P) BANKOS (D) INNEWSTRES (I) Persmourt, Bull-LING & CHISTRY (S) AMEC Ghp Pri. Berkely, Persmounc, BLIDE MATLS. MICHES (7) Areas, Burdon, Grehen, Jestock Virs., Liseshall Spc Pri., Padand, Thon, Laporta, Distribusional Spc Principles Computer, Famel Electronica, Hemist, Hessitian, Cascins, Vardy Pagi, Divizinalness Rosts (74)

BLECTRISC & ELECT SOLUP (5) BCC, Data, Andy Fingl, Diverses

LECTRON & ELECT SOUP (5) Section 6.

Jackson, Johnson Backer Ind. Seatmonic.

BHORNESSING (6) Dragon

and EXTRACTIVE MOS (4) Dragon

Monacch Res.

Maing, English China (Days, Monarch Rus Zerobe Copper, FOOD MARKLE (2) United Blacults, Unborne, HEALTH CARR (2) Haemocell, Polartechnics, Tapnel Life Sciences. RISERANCE (R Aboust LLoyds Vits., America NRSTRANCE (R Abrust LLoyds Vizs., America General, Aon Corps., Loundes Lambert, NVESTREENT TRUSTS (71) INVESTREENT COMPANIES (14) INVESTREENT COMPANIES (14) LESSURE & HOTELS (R Abrust 6) PTL, Lastinge & HOTELS (R Abrust 6) PL, Lastinge & HOTELS (R Abrust 6) PL, Lessure & Hotels (No.), LIPE ASSURANCE (1) Lincoln Nati., BEEDIA (R) Barbour Index, EMAP, Phonalini, Pettermeut & Sundedend, MERCHART BANKS (R) (Hambron, OR. EXPLORATED & A PROO OR Émbrythe OI, Oceanica, Schlumberger, OTHER FRIANCIAL. OTHER SERVS & BUSINS (2) Logh Inference Waste Memogrammy int., PHARMACEUTICAL

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by one of the City's leading marketmakers.
Abbey National fell 8 to 403p, affected by the stock's inclusion in a sizeable programme trade with a block of 2m shares

the market at 401p. Worries about the impact of market turbulence, unsettled SG Warburg, which dropped 17 to 614p. Kleinwort Benson, on the other hand, edged higher

to 467p. Building and plumbing products group Wolseley delivered excellent preliminary figures, including profits at thevery top end of the range of analysts' forecasts and a dividend total only fractionally short of best expectations, but its shares were hampered by the steep decline in the market.

At the close the shares were 8 off at 725p, having traded between 72,2p and 730p; turnover was a relatively high 1.5m. Analysis were said to be lifting 1995 estimates from the current figure of around £230m-\$240m to around £250m to £260m.

**Pharmaceuticals** Zeneca held firm as the group announced third quarter sales had risen by 8 per cent. The shares were 9 weaker in early trading, reflecting the weak US currency but rallied to close

Smith New Court's latest quarterly review of diversified industrial companies help lift Williams Holdings 4 to 339p against the market with the shares heading the securities house's best in the sector list. BTR - the day's most active Footsie stock - dipped 11/4 to

steady at 838p.

301p in turnover of 14m, of which 5m was a programme trade said to have been executed by Goldman Sachs. Food retailer Argyll slipped 8% to 257p as one securities

house had to work hard to place a block of 2m shares. Large amounts of stock looking for a home also restrained retailer Next. Dealers said 1.3m shares were sold at below the current market price and the shares fell 6% to

regional electricity companies to buy back stock and pay spe cial dividends sharpened old speculation that Great Universal Stores would try and find a way of distributing part of its £1.5bn cash pile to shareholders. The company holds its annual meeting on Friday potentially an ideal time. The

shares held firm at 558p. Up 4 at 534p, Bass stood out in a brewery sector clouded by the failure of the Lazard Brewers Investment Trust which was to have acquired Whitbread's share stakes in a number of regional drinks groups. Wolverhampton and Dudley tumbled 12 to 512p while cider group Bulmer fell 18 to 398p. Greene King closed 3 down at 528p. Whitbread fell 4 to548p. GKN shed 8 to 601p in fairly

nominal 1.5m turnover following a trade press report that Lynx helicopters worldwide had been grounded. The company's subsequent

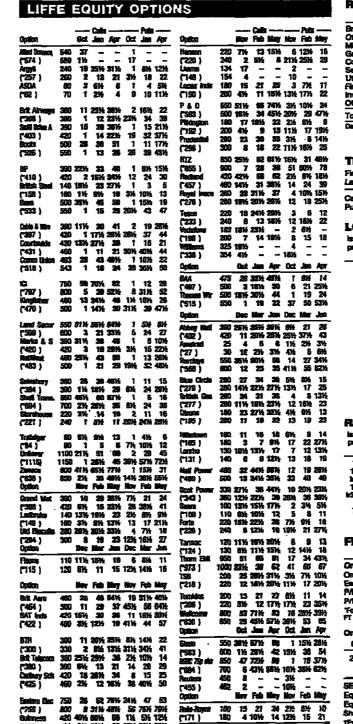
affect on weak sentiment among engineering shares. MARKET REPORTERS:

depial of the report had little

Steve Thompson, Peter John, Jeffrey Brown.

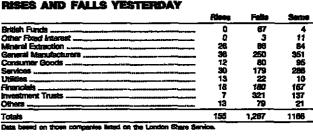
III Other statistics, Page 24

### LONDON EQUITIES



200 13 21 27 6½ 11 14 220 5% 12 17½ 17½ 23 35% Rolls-Royes 180 15 21 24 21: 51: 10 (\*171 ) 180 4 101: 14 121: 15 21 FT GOLD MINES INDEX

RISES AND FALLS YESTERDAY



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	-	F.P.		62	58	Hambros Sm Asten	58	-3	-	-	-	
	_	F.P.		30	27	Do Westenta	27	-1	-	-	-	
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38 Tobscco(1)	<u></u>		1878.7		£ 1893.3				3.29	6.51		51.78	924,39	Rank Cro.† Recidit & Colo
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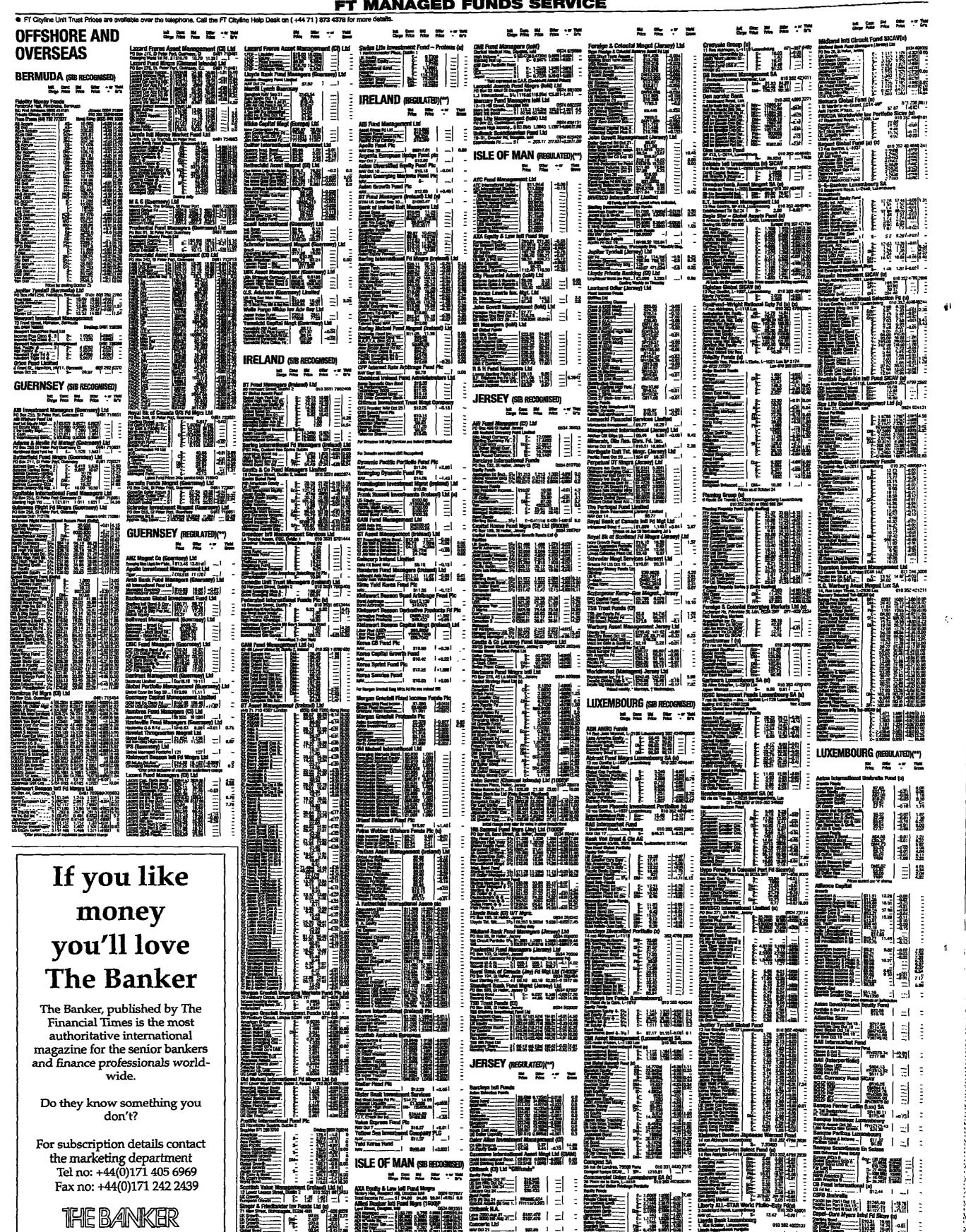
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FINANCIAL TIMES

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#### **CURRENCIES AND MONEY**

#### **MARKETS REPORT**

### Dollar slips to fresh lows against D-Mark and yen

Pessimism about the outlook for the US dollar yesterday pushed it to fresh lows against lows attained last August. In Europe the Swedish krona continued its advance, rising to both the D-Mark and the yen, writes Philip Gawith.

The dollar touched a post-World War 2 low of Y96.35 against the ven, and a two year low of DM1.4845 against the D-Mark, before recovering to finish in London at Y96.86 and DM1.492.

There was no sign of concerted central bank intervention to support the dollar, though numerous rumours swept the market.

Sentiment towards the US currency remains resolutely negative. Traders described the afternoon rally as a technical correction, driven by covering of short positions, rather than anything more fundamental.

Sterling continued its good run, touching a high for the year of \$1.6405 against the dol-lar. The trade weighted index ed at 80.7 from 80.4, the highest level since early June. The pound is now 3 per cent higher than during its recent

SKr4.728 from SKr4.748 against the D-Mark.

■ Trade in the dollar was driven more by technical factors, and rumours, than in response to any comments or new bits of information.

Mr Malcolm Barr, economist

at Chemical Bank in London, said the extent to which the market had moved on rumours about central bank intervention showed how jittery it was. "Sentiment towards the dollar remains pretty unanimously negative," he said.

The background to this pes-simism is the fear that the Fed is not being sufficiently vigilant in combatting inflation; and concern that there is little

Pour	id in New Yor	k
Oct 25	Latest	Prev. close
£ apot	1.8367	1.6330
1 mill)	1,5359	1.6323
3 mth	1.6355	1.6319
1 yr	1,6249	1.6225

prospect of the US narrowing its trade deficit with Japan. Mr Avinash Persand, head of gan in London, put matters in slightly different light. He

said currencies were moved not by a complex of factors, but by some simple relationship, "currently in force".

The dollar, he said, was "here because of the weight of outbound portfolio flows and

in particular the sale of dollars by domestic investors. Mr Persaud said the dollar would turn "only when the U\$ investor is comfortable holding US assets and the US bonds the largest \$ denominated market." A "minimum condition" for this would be for US real yields (currently 4.25-4.75 per

cent) to rise above German real yields (above 5 per cent).

Mr Lloyd Bentsen, the US treasury secretary, sought to bolster the dollar yesterday, saying that the US favoured a strong dollar. He also said that the Fed and the Administration shared the same growth

Dollar 1.80 --

and inflation view. Analysts were sceptical about the likely success of his intervention. Mr Ian Gunner, international economist at Chase Manhattan in London, said there were three things the US could do to help the dollar raise interest rates. intervene, or talk. So far they were only doing the latter, and

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

then without great conviction. Mr Alan Blinder, vice-chair-man of the Fed, also said that he did not believe the Fed was behind the curve " in fighting inflation. "I think we are very close to riding the curve, so to speak," said Mr Blinder.

One ray of hope for dollar bulls was the speed with which it bounced back. Mr Gunner said this was an indication "that perhaps the market was getting quite short." On the other hand, volumes were modest and there was little sign of

follow-through buying.
Mr Gunner said that with the benchmark treasury bond yield having broken through 8 per cent, it was possible it would sink quite quickly as far as 8.25 per cent. On recent evidence the dollar would follow, perhaps to the DM1.45 level.

■ The pound gained support from the stronger than expec-ted CBI industrial survey, which rekindled talk of another rise in interest rates by the year end.

double-digit losses in most short sterling contracts. The December contract closed at 93.43, from 93.50, effectively discounting another 50 basis point rise in interest rates by

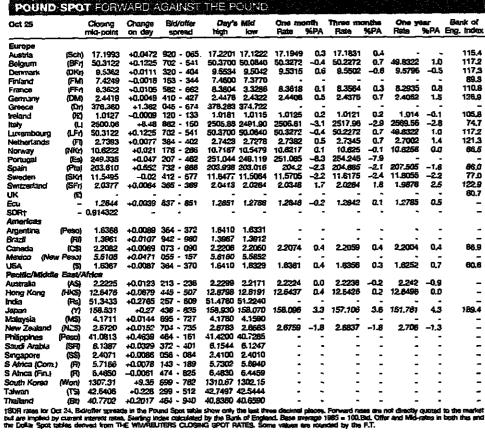
the end of the year. Mr Gunner said with markets focusing on inflation, sterling continued also to benefit from last month's pre-emptive rise in interest rates.

In its daily operations, the Bank of England provided £660m of late assistance to the market after earlier providing £273m of liquidity at established rates. Overnight money traded between 4% per cent and 7 per cent. In the cash market, three month LIBOR firmed slightly to 6 per cent from 5% per cent.

0d 25	2	\$
lessony.	172313 - 172540	105.300 - 105.40
) THE	2851.00 - 2854.00	1748.00 - 1750.0
(Unitable	0,4844 - 0.4859	0.2960 - 0.2968
Poland	37457.2 - 37533.0	22690.0 - 22920.
Pussia	4991.95 - 5000.10	3050.00 - 3055.0
ILAE.	8.0022 - 8.6142	3,6715 - 3,6735

MONEY RA	TES					_		0
October 25	Over	One month	Three mths	Six mtirs	Qna yasif	Lomb. Inter.	Dip. rate	Repo
	night	5	5%	54	6%	7.40	4,50	-
Belglum	48	5	5%	52	89	7.40	4 50	-
week ago	476	5.	5%	5%	6%	5.00	-	6.75
France	54	54 54	5%	570	6%	5.00	-	0.75
Mark ago	54	4.95	5.16	5.25	5.58	6,00	4,50	4.85
Germany	4.58	4.95	5.15	5.25	5.60	5.00	4.50	4 85
week ago	4.68		5.73 64	6%	714	_	-	6.25
breland	54	514	5%	5 <u>4</u>	7.1	_	_	6.25
week ago	4%	5%	88	8-y-	10%	-	7.50	8.20
hely	874	84	9%	9)4	10%	-	7.50	5.20
week ago	64	8 <u>2</u> 4.98	5.20	5.35	5.73	-	5.25	-
Netherlands	4.84	4.98	5.16	5.29	5.68	_	5.25	-
week BGO	4,84	4.96 3%	3.10 4\h	4%	4%	6.625	3.50	-
Switzerland	3 <u>1</u> 22	3%	4%	42	4:	6 625	3.50	-
week ago	28 41	48	5%	53	6%	-	4.00	-
US	4%	48	5%	534	614	-	4,00	-
week ago	214	24	23	24	23	-	1.75	-
Japan	214	214	294	212	20	-	1.75	-
week ago								
E SUBORFT L	SUGOU	5	54	6	64	-	_	-
interbank Fixing	_	6	5&	5a	63	_	-	-
week ago	-	-	-	5.71	6.31	_	_	-
US Dollar CDs	_	4.88	5.38 5.21	5.71 5.51	6.D8		_	_
week ago	-	4.88		3%	4	_	_	_
SDR Linked Da	~	3%	35 38	3%	4	_	_	-
week ago ECU Linked De naid	-	3%			- 	- 64 5 (4	ROR inte	Derik Dur
ECU Linked De vaid gates are offered rate day. The Darks end Mid races are shown	# for \$10n	deorea k	STORTER	December	and Nati	onal Westn	inster	
EURO CUR	RENC	Y INT		T RA	TES Three	Sı		One
Oct 25	Short							

Oct 25	St			Qne nonth	months Three	Six. months	_yea
Belgian Franc				- 47	514 - 51 <sub>8</sub>	5% - 5%	614 -
Denish Krona				- 5 <sup>5</sup> a	612 - 614	6% - 6%	7월 - 1
Delicario in Cons. Delicario				- 4}	54 - 54	56 - 56	5) :
		47, 5	4% 5	- 47	64 - 54	58 - 54	54 -
Dutch Guilder Franch Franc				- 5	53 - 512	5% 54	64 -
			-9 95	94	104 - 10	1012 - 101g	1054
Portuguese Ex Spenish Pessi	7 . . 7 .	7, 7,	- 73 7	. 71	718 - 718	6 % - 6 4	91 <sub>8</sub> -
gagad Sharingii Lane		- 5 <sup>1</sup> 2	53 6	5,	6-51	64 6	74.
	37	3 34	. 35, 31	- 3	41 313	44 44	45 -
Swies Frenc Caru Doller			41 5	- 44	512 - 518	61 <sub>8</sub> - 6	7 - 5
JS Dollar			413 5	- 47	5h · 5%	6 - 578	614 -
bellen Lina	4-	72 64		8	812 - 81E	91 <sub>8</sub> - 91 <sub>4</sub>	104 -
Yan			. 24 2	ži	23 - 27	212 - 214	2)) - :
tsten Säing			- 14 2	- 22	31 - 31	35, 31,	4 - 3
Short term rate	es arm cod	for the US D	ollar and Ye	n, others:	tero days' no	ece.	
THREE N							~
n	Open	Sett price	Change	High 94,20	Low 94.15	Est vol 11,122	Open 56,0
Dec	94.17	94.20	+0,01	94.20	93.68	11,384	38.0
War	93.69	93.71	-0.02		93.00	7,835	28.3
Jun C-	93.29	93.30	-0.02	93,32		2,848	19,9
Sep	92.84	92.91	-0.02	92.92	92.83	-	. 2,2
THREE	HTMO	STERODOLT	AR (LIFFE)				
	Open	Sett price	Change	High	Low	Est vol	Open
λec		93.96	-0.02			٥	252
						0	138
Mar		93.54	-0,01				
Mar Jun		63.06	-0.01 -0.01			D	30
Mar Jun							30
Mar Jun Sep	RONTH I	93,06 92,71	0.01	s (UFFE	' DM1m po	0	30 56
Mar Jun Sep	Open	93.05 92.71 turcostAre Sett price	Change	High	Low	0 Ints of 1009 Est. vol	30 56 Open
Mar Jun Sep THREEL W	Open 94.78	93.05 92.71 turcostare Sett price 94.78	-0.01 Change -0.03	High 94.80	Low 94.77	0 ents of 1009 Est. vol 23957	30 56 Open 1568
Mar Aun Sep III THREEL W	Open	93.05 92.71 turcostAre Sett price	Change	High	Low 94.77 94.38	0 0 ints of 100% Est. vol 23957 47085	30 56 Open 1568 1464
Mar Jun Sep III THREEL W Dec Mar	Open 94.78	93.05 92.71 turcostare Sett price 94.78	-0.01 Change -0.03	High 94.80	Low 94,77 94,38 93,95	0 0 Est. vol 23957 47085 35205	300 56 Open 1568 1464 1038
Mar Aun Sep III THREEL W Dec Mar Aun	Open 94.78 94.45	93,06 92,71 turcostare Sett price 94,78 94,43	-0.01 Change -0.03 -0.04	High 94,80 94,45	Low 94.77 94.38	0 0 ints of 100% Est. vol 23957 47085	300 56 Open 1568 1464 1038
Mar Juni Sep III THRIBER W Dec Mar Juni Sep	Open 94.78 94.45 94.02 93,64	93.05 92.71 EUROSIARS Sett price 94.78 94.43 94.01 93.61	-0.01 Change -0.03 -0.04 -0.05 -0.06	High 94,80 94,45 94,04 93,64	Low 94.77 94.38 93.95 93.56	20 0 Est. vol 23957 47085 35205 12531	300 560 0pen 1568 1464 1036 783
Mar Juni Sep III THRIBER W Dec Mar Juni Sep	Open 94.78 94.45 94.02 93,64	93.05 92.71 EUROSIARS Sett price 94.78 94.43 94.01 93.61	-0.01 Change -0.03 -0.04 -0.05 -0.06	High 94,80 94,45 94,04 93,64	Low 94.77 94.38 93.95 93.56	0 0 Est. vol 23957 47085 35205 12531 L1000m poin	300 56 Open 1568 1464 1036 783 rts of 10
Mer Juni Sep THRESH W THRESH W Juni Sep In THRESH IN	Open 94.78 94.45 94.02 93.64 IONTH I Open 80.65	93.06 92.71 EUROSIARS Sett prices 94.78 94.43 94.01 93.61 EUROLIRA Sett price 90.66	-0.01 Change -0.03 -0.04 -0.05 -0.05 MT.RATE Change -0.02	High 94.80 94.45 94.04 93.64 FUTUR High 90.67	Low 94.77 94.38 93.95 93.56 ES (LIFFE) 1 Low 90.67	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 566 Open 1568 1464 1036 783 ots of 19 Open 330
Mer Juni Sep THRESH W THRESH W Juni Sep In THRESH IN	Open 94.78 94.45 94.02 93.64 CONTH I Open 90.65 89.87	93.06 92.71 rurcostario Sett price 94.78 94.43 94.01 93.61 euroura Sett price 90.66 89.93	-0.01 Change -0.03 -0.04 -0.05 -0.05 WIT.RATE Change -0.02	High 94.80 94.45 94.04 93.64 FUTUR High 90.67 89.95	Low 94.77 94.38 93.95 93.56 <b>83</b> (LIFFE) 1 Low 90.57 89.86	0 0 Est voi 23957 47085 35005 12531 1000m poir Est. voi 4829 2257	300 56 Open 1568 1464 1036 783 hts of 10 Open 3300 253
Mer Juni Sep En Thisteria in Dec Mar Jun Sep En Thisteria in Dec Mor	Open 94.78 94.45 94.02 93.64 <b>IONTH I</b> Open 90.65 89.87 89.36	93.06 92.71 EUROSIARS 94.78 94.43 94.01 93.61 EUROLIRA Sett price 90.68 89.93 89.93	-0.01 Change -0.03 -0.04 -0.05 MT_RATE Change -0.02 -0.03	High 94.80 94.45 94.04 93.64 FUTUR High 90.67 89.95 89.42	Low 94.77 94.38 93.95 93.56 <b>83</b> (LIFFE) 1 Low 90.57 89.86 89.33	20 0 6mts of 1005 Est. voi 23957 47085 3505 12531 1000m poir Est. voi 4829 2257 613	300 566 Open 1569 1464 1036 783 783 783 of 16 Open 330 253 157
Mer Juni Sep  THREET N  Dec Mar Jun Sep  THREET N  THREET N  Lin Sep	Open 94.78 94.45 94.45 93.64 <b>IONTH I</b> Open 90.65 89.87 89.36 88.98	93.06 92.71 EUROMARS 94.78 94.43 94.01 93.61 EUROUIRA Sett price 90.66 89.93 89.93 89.99	-0.01 Change -0.03 -0.04 -0.05 -0.05 -0.05 -0.02 -0.02 -0.02 -0.03 -0.02	High 94.80 94.45 94.04 93.64 FUTUR High 90.67 89.95 89.42 89.03	Low 94.77 94.38 93.95 93.56 <b>83</b> (LIFFE) 1 Low 90.57 89.33 88.96	20 0 lints of 1009 Est. vol 23957 47085 3505 12531 1600m point Est. vol 4829 2257 613 324	300 566 0 Open 1569 1464 1036 7837 155 of 16 Open 3300 253 157 181
Mericani Sep Marith Reset for Dec Marith Reset for Sep Marith Reset for Moridan	Open 94.78 94.45 94.45 93.64 <b>IONTH I</b> Open 90.65 89.87 89.36 88.98	93.06 92.71 EUROMARS 94.78 94.43 94.01 93.61 EUROUIRA Sett price 90.66 89.93 89.93 89.99	-2.01 -Change -0.03 -0.05 -0.05 -0.05 MIT.RATE Change -0.02 -0.03 -0.02 -0.03 -0.02	High 94.80 94.45 94.04 93.64 FUTUR High 90.67 89.95 89.42 89.03	Low 94.77 94.38 93.95 93.56 83.(UFFE) Low 90.56 89.33 88.96	0 0 0 235.7 vol 2395.7 47085 35205 12531 11000m point 5st. vol 4829 2257 613 324 5Fr1m points	300 56 Open 1568 1464 1036 783 45 of 10 Open 330 253 157 1810
Mer Juni Sep  THREE  THREE  N	Open 94.78 94.45 94.02 93.64 PORTH I Open 80.65 89.87 89.36 88.98 PORTH I Open	93.05 92.71 EUROSIANS Sett price 94.78 94.43 84.01 EUROUIRA Sett price 90.68 89.93 89.01 EURO SVIIIS Sett price	-9.01 Change -0.03 -0.04 -0.05 -0.05 -0.06 Change -0.02 -0.02 -0.03 -0.00 SI FFRANC	High 94.80 94.45 94.04 \$3.64 FUTUR High 90.67 89.95 89.42 89.03 FUTUR High	Low 94.77 94.38 93.95 93.56 83.56 (LIFFE) 1 Low 90.57 89.33 88.96	20 0 6st. vol 23957 47085 35205 12531 L1600m poin Est. vol 4829 2257 613 324 SFr1m points	300 566 0 Open 1565 1464 1036 783 783 of 10 Open 330 253 157 181 3 of 100 Open
Mer Arti Arti Sep Dec Mar Sep Mer THREEL M Dec Mor Jun Sep Mer Jun Sep Mer Jun Sep Mer Jun Sep Mer Jun Sep Mer Jun Sep Mer Jun Sep Mer Mer Mer Mer Mer Mer Mer Mer Mer Mer	Open 94.78 94.45 94.02 93.64 PORTH I Open 80.65 89.87 89.36 88.98 PORTH I Open 95.75	93.05 92.71 FUROSIARS Sett price 94.78 94.01 93.61 EUROLIRA Sett price 90.68 89.93 89.99 89.99 89.99 89.99 89.59 90.61 Sett price 90.65 90	-9.01 Change -0.03 -0.05 -0.05 NOT.RATE -0.02 -0.03 -0.03 -0.02 -0.03 -0.03 -0.03 -0.03 -0.03 -0.03	High 94,80 94,45 94,04 93,64 FUTUR High 89,95 89,42 89,03 FUTUR High 95,79	Low 94.77 94.38 93.95 93.56 (LIFFE) 1 Low 90.57 89.36 89.33 88.96 ES (LIFFE) 1 Low 95.74	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 560 1568 1464 1036 783 4ts of 16 Open 330 253 157 181 3 of 160 Open 1890
Meritaria  THRESS No.  THRESS No.  Dec Marian  Sep No.  THRESS No.  THRESS No.  Dec Marian  Sep No.  THRESS No.  Dec Marian  Dec Marian  Dec Marian  Dec Marian  Dec Marian	Open 94.78 94.45 94.02 93.64 00 00 00 00 00 00 00 00 00 00 00 00 00	93.05 92.71 EUROSAARS Sett price 94.78 94.43 94.01 93.61 EUROURA Sett price 90.66 89.93 89.01 EURO SWIE Sett price 95.77 95.71	-9.01 C FUTURE C FUTURE -0.03 -0.05 -0.05 -0.02 -0.02 -0.03 -0.02 SI FRANC Charge -0.01	High 94,80 94,45 94,04 93,64 FUTUR High 90,87 89,95 89,95 89,03 FUTUR High 95,79 95,44	Low 94.77 94.38 93.95 93.95 93.56 165 (LIFFE) Low 90.57 89.88 88.93 88.95 16.97 16.95 16.9	20 0 0 23957 47085 35005 12531 11600m point Est. vol 4829 2257 613 324 SFr1m points Est. vol 2738	300 56 0 Open 1568 1464 1036 783 153 0 Open 330 253 157 181 181 3 of 100 Open 185 164 164
Mer Juni Per	Open 94,78 94,45 94,02 93,64 80,65 89,87 89,36 88,98 80,98 8	93.05 92.71 RUROSIANS Sett price 94.78 94.43 84.01 EUROUIRA Sett price 90.68 89.93 89.01 EURO SVIII Sett price 95.77 95.41 95.01	-9.01 Change -0.03 -0.04 -0.05 -0.05 -0.06 Change -0.02 -0.02 -0.03 -0.00 Change -0.01 -0.01	High 94,80 94,45 94,04 PUTUR High 90,57 89,95 89,42 89,03 FUTUR High 95,74 95,74	Low 94.77 94.38 93.95 93.56 85 (LIFFE) 10w 90.57 89.83 88.96 85 (LIFFE) Low 95.74 95.39	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56 0/pen 1568 1464 1036 70pen 330 157 1810 0/pen 1890 1690 1690 1690 1690 1690 1690 1690 16
Mer Juni	Open 94.78 94.45 94.02 93.64 00 00 00 00 00 00 00 00 00 00 00 00 00	93.05 92.71 EUROSAARS Sett price 94.78 94.01 93.61 EUROURA Sett price 90.66 89.93 89.01 EURO SWIE Sett price 95.77 95.71	-9.01 C FUTURE C FUTURE -0.03 -0.05 -0.05 -0.02 -0.02 -0.03 -0.02 SI FRANC Charge -0.01	High 94,80 94,45 94,04 93,64 FUTUR High 90,87 89,95 89,95 89,03 FUTUR High 95,79 95,44	Low 94.77 94.38 93.95 93.95 93.56 165 (LIFFE) Low 90.57 89.88 88.93 88.95 16.97 16.95 16.9	20 0 0 23957 47085 35005 12531 11600m point Est. vol 4829 2257 613 324 SFr1m points Est. vol 2738	300 56 0/pen 1566 1464 1036 7036 1036 0/pen 330 157 181 3 of 100 0/pen 183 164 520
Mear Juni Sep	Open 94.78 94.45 94.02 93.84 9000 90.65 89.87 89.36 88.98 95.75 95.75 94.69	93.08 92.71 EUROSIARS Sett price 94.78 94.01 93.61 93.61 93.68 99.93 89.99 89.91 EURO SWIE Sett price 95.41 95.41 95.41 95.61	-0.01 Change -0.03 -0.04 -0.05 -0.05 -0.02 -0.02 -0.02 -0.02 -0.03 -0.04 -0.04	High 94,80 94,45 94,04 93,64 FUTTUR High 90,95 89,42 89,03 FUTTUR High 95,79 95,44 95,05 94,71	Low 94.77 94.38 93.95 93.56 85 (UFFB) Low 90.57 89.38 88.96 ES (UFFB) Low 90.57 89.39 95.74 95.74 95.39	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56 0/pen 1566 1464 1036 7036 1036 0/pen 330 157 181 3 of 100 0/pen 183 164 520
Mer Juni Sep  THREET N  Dec Mar Jun Sep  THREET N  THREET N  Lin Sep	Open 94.78 94.45 94.02 93.84 9000 90.65 89.87 89.36 88.98 95.75 95.75 94.69	93.08 92.71 EUROSIARS Sett price 94.78 94.01 93.61 93.61 93.68 99.93 89.99 89.91 EURO SWIE Sett price 95.41 95.41 95.41 95.61	-0.01 Change -0.03 -0.05 -0.05 MIT.RATE -0.02 -0.02 -0.03 -0.03 -0.04 -0.04 -0.04 Change Change Change Change Change	High 94.80 94.45 94.45 94.45 94.64 95.64 PUTUR High 90.87 89.95 89.42 95.79 95.45 94.71 Ecu1m High	Low 94.77 94.38 93.95 93.56 185 (LIFFE) Low 90.57 89.36 89.33 88.95 Low 95.74 95.39 95.00 94.67 points of 10	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 566 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Mear Juni Sep	Open 94.78 94.45 94.02 93.84 90.65 89.86 88.98 800000 95.75 95.62 94.69 8000000 95.75	93.08 92.71 EUROSIARS Sett price 94.43 94.01 93.61 EUROLIRA Sett price 90.68 99.93 89.99 89.01 EURO SWISS Sett price 95.41 95.01 94.67 ECU FUTUR	-0.01 Change -0.03 -0.04 -0.05 -0.05 -0.05 -0.02 -0.02 -0.02 -0.02 -0.03 SEFRANC Change -0.01 -0.04 -0.04 -0.04	High 94.80 94.45 94.45 94.45 94.45 95.64 FUTUR 190.87 89.95 89.42 89.03 FUTUR 95.73 95.44 95.05 94.71	Low 94.77 94.38 93.95 93.56 85 (UFFE) Low 90.57 89.88 88.96 85 (UFFE) Low 95.74 95.39 95.00 94.67	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6
Merricum Sep THREST W	Open 94.78 94.45 94.02 93.84 93.84 90.65 89.87 89.87 95.75 95.42 94.69 90.65 99.64 95.02 94.69 90.65 95.04 95.02 94.69	93.05 92.71 EUROSIARS Sett price 94.78 94.43 94.01 93.61 93.62 90.66 93.93 89.39 89.39 89.59 EURO SWIII Sett price 94.67 ECU FUTUR Sett price	-0.01 Change -0.03 -0.05 -0.05 MIT.RATE -0.02 -0.02 -0.03 -0.03 -0.04 -0.04 -0.04 Change Change Change Change Change	High 94.80 94.45 94.45 94.45 94.64 95.64 PUTUR High 90.87 89.95 89.42 95.79 95.45 94.71 Ecu1m High	Low 94.77 94.38 93.95 93.56 185 (LIFFE) Low 90.57 89.36 89.33 88.95 Low 95.74 95.39 95.00 94.67 points of 10	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56 6
Meritaria  Sep  THRESH W  Dec Mar Aun Sep  THRESH N  Dec Mar Jun Sep  THRESH  THRESH  Dec Mar Jun Sep	Open 94.78 94.45 94.02 93.84 SONTH I S	93.06 92.71 PUROSIARS 94.78 94.43 94.43 94.61 93.61 EUROLIRA Sett price 95.66 89.93 89.01 EURO SWIE Sett price 95.77 95.41 95.01 94.67 ECU PUTUL Sett price 93.79	-9.01 C FUTURE Change -0.02 -0.02 -0.02 -0.02 -0.03 -0.04 -0.05 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.05	High 94.80 94.45 94.45 94.45 93.64 FUTUR 189.42 89.03 FUTUR 195.44 95.05 94.71 Equil 196.75 94.71 Equil 196.75 93.82	Low 94.77 94.38 93.95 93.56 85 (LIFFE) Low 90.57 89.88 89.33 88.96 ES (LIFFE) LOW 95.39 95.00 95.40 95.40 95.39	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56 6
Mar Juni Bec Mar Jun Bec Mar J	Open 94.78 94.45 94.02 93.84 IONTH I Open 80.65 89.87 89.36 88.98 IONTH I Open 95.75 94.69 94.69 95.78 93.78 93.78 93.78 93.78 93.78 93.78 93.78 93.78	93.05 92.71 PUROSIANS Selt price 94.78 94.43 94.01 94.61 PUROLIRA Selt price 90.66 89.93 89.01 PURO SVIII 95.01 94.67 PUTUI Selt price 93.79 93.30	-0.01 Change -0.03 -0.04 -0.05 -0.05 -0.05 -0.05 -0.02 -0.02 -0.03 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04	High 94.80 94.45 94.45 94.45 94.45 94.45 95.64 FUTUR High 90.67 89.93 FUTUR High 95.79 95.44 95.05 94.71   Sculm High 93.82 93.33	Low 94.77 94.38 93.56 93.56 85 (UFFE) Low 90.57 89.83 88.96 85.10FFE) Low 95.34 95.00 95.467 points of 10 Low 93.25	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	300 56  Open 1589 1464 1036 7833 1070 Open 3300 Open 1851 1641 500 164  Open 1852 1641 500 164 500 164 732



		mid-point	on day	spread	high	low	Rete	%PA	Rate	%PA	<u>Rate</u>	%PA_	Index
Europe													
Austria	(Schi	10.5085	_0.0275	060 - 110	10.5380	10.4580	10.5085	0.0	10.5083	0.0	10,4335	0.7	104.0
Belatum	(BFn	30,7400	-0.09		30.8170		30.74	0.0	30.71	0.4	30.66	0.3	106.
Denmark	IDK/	5.8265	-0.0245	250 - 280	5.8461		5.8302	-0.8	5.8385	-C.B	5,8815	-0.9	105.
Finland	(FM)	4.5385	-0.0255			4.5034	4.5372	-0.2	4.532	0.4	4.5365	αG	83
	(FFd	5.1092	-0.021		5.1263	5.0885	5.1113	-0.5	5.1092	0.0	5.103	0.1	106
France		1.4920		917 - 922	1.4975		1.4921	-0.1	1,4903	6.4	1.48	8.0	107.
Germany	(0)	229,950		800 - 100	230,900		230.24	-1.5	230.775	-1.4	233,225	-1.4	68.
Greece	(D)	1.6163		155 - 170		1.8063	1.6162	0.0	1.6164	0.0	1.6033	0.8	•
freland	(62)						1532.05		1639.5	-3.1	15B1	-3.5	75.
Italy	Ĺ,	1527.50		690 - 810		1523.00	30,74	0.0	30.71	0.4	30.88	83	106
Troveruporing		30.7400	-0.09	500 - 600		30.5540			1.5719		1.6814		106
Netherlands	(FI)	1.6737	-0.0043		1.6780		1.8738			0.4			
Norwey	(NKr)	6.4900	-0. <u>022</u>	885 - 915	8.5490		5.4937	-0.7	8.5065	-1.0	6.5425	-0.8	96,
Portugal	(Es)	152,340	-0,79			151,980	153.015		154,08	-4.6	158.09	-3.8	95,
Spadπ	(POS)	124.525	-0.33			124,050	124.81	-2.7	123.78	24	127,875	-2.5	<b>5</b> 0.
Sweden	(SKr)	7.0586	-0.0502		7.1288	7.0283	7.0714	-25	7.1041	-2.7	7.2691	-3.0	82
Switzerland	(SFr)	1.2450	-0.0015	445 - 455	1_2487	1.2361	1.2437	1.3	1.2402	1.6	1.223	1.8	108
urk .	Œ	1.6357	+0.0087	364 - 370	1.6410	1.8329	1.6361	0.4	1,6356	0,3	7.6252	0.7	89
Ecu		1.2743	+0.003	738 - 748	1_2804	1.2715	1.2735	0.7	1,2732	0.5	1.2712	0.2	
SDAt	_	1.48879	_	-			-	-	_	-	-	-	
Americas													
Argentina	(Peso)	1.0001	+0.0001	000 - 001	1,0001	0.9999	-		•	-	-	-	
Brezil	(A)	0.8530	+0.002		0.8540		_			-	_	-	
Canada	(CS)	1.3492	-0.003		1.3533	1.3489	1,3491	0.0	1.3487	0.1	1.354	-0.4	83
	Peso)	3.4280		255 - 305	3.4365		3.429	-0.4	3,4308	-0.3	3.4382	•••	
metico (1466 USA		3.42QU	+0.0103	200 - 300	4-00	24/00	~~-	-0.7	2	-0.5	~~~	-500	94
	(\$)	-	-	-	-	-	•	-	-	-	•	-	-
Pacific/Middle					4.0504	1_3567	1.3582	-02	1.3589	-0.3	1.3562	-0.6	84
Australia	(AS)	1.3579		574 - 583	1.3594								94
Hong Kong	Unice	7.7275		270 - 280	7,7280		7.7273	0.0	7,728	0.0	7.743		
india	(Hs)	31.3790	+0.0012			31.3650	31.455	-3.3	31.5				
Japan	(3)	96.8600		200 - 900		95,4200	96.63		96.06	3.3	93.395		150
Meleysia	(MS)	2.5485	-0.0048			2,5445	2.5393	4.3	2,528	3.2	2.6015		
New Zealand	(NZ\$)	1.8326	+0.000B	319 - 332	1.6335	1,6319	1,6336	-0.7	1.6354	-0.7	1,6407	-0,5	
Philippines	(Peso)	25.1000	+0.15	000 - 000	25.3000	24,8000	-	-	-	-	-	-	
Saudi Arabia	(SFI)	3,7506	-	504 - 508	3.7508	3,7504	3,7519	-0.4	3.756	-0.6	3,7746	0.6	
Singapore	(SS)	1,4707	-0.0026	702 - 712	1.4716	1.4695	1,4594	1.1	1,4675	0.9	1.4607	0.7	
S Africa (Com.		3.4928	-0.014		3.4985	3,4820	3,5083	-5.3	3,5366	-5.0	3,6133	-3.5	
S Africa (Fin.)	(F)	3.9500	-0.025	400 - 600	3.9600		3.9837		4.0425	-9.4			
South Korea	(Won)	798,745		700 - 790		797.200	801,745		805.245		823,745	-3.1	
		26.0528	71.45	510 - 545		26.0260	26,0728	-09	26.1128	-0.9	UED-170	~	
Talwan	(12)										25.59	-	
Malland	(Bi)	24.9100		000 - 200	-,		24,9825		25.11				_
tSDF rate for Oc but are implified b													

CROSS		W W	-		ES										y en la		Y	
EXCHAN Oct :		USS Bir	RATES DK/	i P <del>F</del> r	DM	Æ	L	Ħ	NKr	Es	Pte	SKr	SFr	٤	C\$	<u>\$</u>	_ y	Ec
Selgium	(BFr)	100	18.95	16.62	4.852	2.012	4969	5.444	21.11	495.5	405.1	22.94	4.049	1.988	4.389	3.254		
enmark	(DK)	52,76	10	8.769	2.560	1.061	2622	2.872	11.14	261.4	213.7	1210	2.136	1.049	2.315	1.717		
rance	(FPr)	60.17	11,40	10	2.918	1.210	2990	3.276	12.70	298.1	243.7	13.80	2.435	1.196	2.641	1.955		
ermany	(DM)	20.61	3.907	3.426	1	0.415	1024	1.122	4.351	102.1	63.49	4.728	0.834	0.410	0.905	0.671		
reland.	(12)	49.71	9.423	8.263	2.412	1	2470	2.707	10.49	246.3	201.4	11.40	2.013	0.988	2.182	1.618		
taly	(L)	2.012	0.381	0.334	0.098	0.040	100.	0.110	0.425	9.972	8.152	0.462	0.081	0.040	0.088	0.065		
letherlands	(FI)	18.37	3.482	3.053	0.891	0.369	9127	1	3.877	91.02	74,41	4,213	0,744	0.365	0.806	0.598		
torway	(NKr)	47.37	8.979	7.874	2.298	0.953	2354	2.579	10	234.7	191.9	10.87	1,918	0.942	2.079	1.541		
orangal.	(Es)	20.18	3.825	3.364	0.979	0,408	1003	1.099	4.260	100,	81.75	4.629	0,817	0.401	0.886	0.657		
Spein .	(Pta)	24,69	4.679	4.103	1.198	0.497	1227	1.344	5.211	122.3	100.	5.662	1.000	0.491	1.063	0.803		
ineden	(SKr)	43.60	8.263	7.246	2.115	0.877	2166	2.373	9.203	216,0	176.6	10	1.765	0.867	1.913	1.419		
witzerland	(SFr)	24.70	4.681	4.105	1.198	0.497	1227	1.345	5.214	122,4	100.0	5.665	1	0.491	1.084	0.804		
JK	(空)	50.31	9.536	8.362	2.441	1.012	2500	2.739	10.62	249.3	203.8	11.54	2.037	1	2.208	1.637		
Canada	(CS)	22.79	4.319	3.787	1.106	0,458		1,240	4.810	112,9	92.30	5.226	0,923	0.453	1	0.741		
US	<b>(\$)</b>	30.73	5.825	5.108	1.491	0.618		1.673	6.487	162.3	124.5	7.049	1.244	0.611	1.349	1	96.82	
lapën	ო	31.74	6.016	5.276	1.540	0.638		1.728	6.700	157.3	128.6	7.281	1.285	0.631	1,393	1.033		0.81
Ecu		39.18	7.427	6.512	1.901	0.788		2.133	8.271	194.2	158.7	8.968	1.586	0.779	1.720	1.275	123.4	1
Danish Kroner.	French Fran	c. Norvey	gen Kroner,	and Swed	sh Krano	per 10;	Belgian Fr	anc, Yen, &	cude, Lira	and Peset	a per 100.							
D-MARK	FUTURES	(MM)	M 125,000	per DM					= 4	LPANES	R YEN P	JTURES	(MMA) Yen	12.5 per	Yen 100	<u> </u>		
	Open	Latest	Change	High		OW	Est. vol	Open int.			Open	Latest	Change	High	ı b	CWF	Est, vol	Open i
Dec	0 6696	0.8697	+0.0001			689	19,421	90,534	Dec		.0338	1.0360	+0.0016	1.041	6 1.0	338	12,075	42,84
Mar	0.6716	0 6709	+0.0001			705	247	4,454	Mer	1	.0460	1,0443	+0.0011	1.049	B 1.0	428	148	481
Jun	0,6747	0.6730	-	0.674	7 0.6	730	63	613	Jun		•	1.0580	-	1.059	Ю	-	1	8
m SWISS F	RANC FUT	URES (	MM) SFr 1	25,000 pe	s SFr				<b>s</b>	TERLING	PUTUR	ES (IMM)	£82,500 p	er E				
Dec	0.8049	0 8052	-0.0001	0.810	6 0.6	042	13,003	41,876	Dec		.6254	1.6310	+0.0056	1.632	2 1.6	246	13,840	44,66
Alar	0.8133	0.8082	-0 0004			780	204	1,417	Mar	•	.6226	1.6294	+0.0058	1.682		220	83	467
Jun .	-	0 8145	-	0.816	5	-	7	131	Jun		-	1.6258	+0.0056	1.627	'O 1.6	200	1	8

	1 7 7		BRO P	× 23	Zanan.	#***********	
LOND	ON MO	NEY RA	TES				
Oct 25		Over- night	7 days notice	One month	Three months	Six months	One year
interbank	Sterima	7 - 4%	5% 5%	5% - 5%	6 - 5%	6 <sup>1</sup> 2 - 6 <sup>3</sup> 8	73 - 78
Sterling C				543 - 643		64 - 64	74 74
Transury 8		-	_	512 - 512	54 - 55	••••	
Bank Bris		-		54 . 54	54 - 54	64 - 64	
Local aut	ronty deps.	54 - 54a	54 · 5le	54 - 54	5% - 5%	6 6	712 - 65
Discount I	Market depo	812 - 5	514 - 518	-10		-14 -14	
		•	-10				
UK eleme	ng bank bass	knding rati	5 % Der⊏	ent bom Se	ptember 12,	1994	
			Uptor	1-3	3-6	6- <del>9</del>	9-12
			month	manth	months	months	months
Corrs of Ya	Tax dep. (270 to dep under S r rath of decen	100,000 to 1	اراً Spc. Deposit FCGO find	4 s withdrawn men Stir. Eu	3માં for costs મેક્ક્ટ port Finance.	3 <sup>1</sup> 4, Make up an	31 <sub>2</sub> Sec 30.
Corry of Ya Auto tender 1994, Agra period Sep		100,000 to 11 mt 5.4229pc. cot Oct 26, 19	enc. Deposit ECGD fluid 194 to Nov 2	s withdrawn rate Stig. Eq 5, 1994, Sch	ter costs 3450 port Finance, graes II & III 7	Make up day 1.05pc Retar	Sep 30, since rate la
Corrs of Ya Auto tender 1924, Agra period Sep 1, 1984	to deprunder to rath of discourses many for par-	7100,000 to 11 mt 5.4229pc. ed Oct 26, 19 p 30, 1994, S	toe Deposit ECGD fluid 394 to Nev 2 chames IV &	s withdrawn rate Stig. Eq 5, 1994, Sch V 5,735pc. 1	ior costi 400 port Finance, omes II & III ? Finance House	Make up 4th 7.65pc Refer to Base Rate	Sep 30, ence rate la lipo from Co
Corrs of Ya Auto tender 1924, Agra period Sep 1, 1984	to deprunder to rrate of discou- ed may for pass 1, 1994 to Se	7100,000 to 11 mt 5.4229pc. ed Oct 26, 19 p 30, 1994, S	PUTURES	s withdrawn rate Stig. Eq 5, 1994, Sch V 5,735pc. 1	ior costi 400 port Finance, omes II & III ? Finance House	Make up 4th 7.65pc Refer to Base Rate	Sep 30, ence rate la spe trom O
Corrs of Ya Auto tender 1924, Agra period Sep 1, 1984	to deprunder Errate of decou ed mile for per- 1, 1994 to Ser E MONTH S	100,000 to 11 mt 5.4229pc. tod Oct 26, 19 p 30, 1894, S	PUTURES	s weindrown rate Stig. Ex 5. 1994, Sch V 5.735pc. 1 (LIFFE) £\$	tor costs <sup>1</sup> 400 port Finance, omer II & III : Pnomba Hous 00,000 poir	Make up day Jose Reter Base Rate	Sep 30, ence rate la lipe from O
Comp of Ya Auditender 1994, Agra period Sep 1, 1994  THRE	to deprunder Errate of depote ed men for passion, 1, 1994 to See E MONTH S	100,000 to 11 mt 5.4229pc. ed Oct 26, 19 p 30, 1894, S FTERLING Selt price	the Deposition of the CGO fluid (SQL to New 2 Charles IV & FUTURES Charles Charles (Charles Charles Charles (Charles Charles (Charles (Cha	s withdrawn rate Stig. Ex 5. 1994, Sch V 5.735pc. I (LIFFE) £5 high	for costs <sup>1</sup> 450 port Finance, omee il 8 ill 1 Finance Hous 00,000 poir Low	Make up day 7.65pc Refer e Base Rate hts of 100%	Sep 30, ence rate la lipe from O
Corry of Tal Auto tender 1994, Agra- period Sep 1, 1994 THREE	p dep under t rate of discou- ed rate for par- t, 1994 to Set E MONTH S Open 93.48	100,000 to 11 mt 5.4229pc. ed Oct 29, 19 p 30, 1894, S FTERLING Self price 93 43	change  Change  Change  Change	3 withdrawn rate Stig. Ex 5. 1994, Sch V 5.735pc. 1 (LIFFE) £5 high 93.48	for costs 3,000 port Finance, amee il 8 ill 7 Finance House 00,000 poin Low 93,41	Make up day 7.05pc Reter e Base Rate ats of 100% Est. vol 21799	Sep 30, ance rate to spe from Od
Cons of Ya Auto tender 1994, Agra period Sep 1, 1994 THRE Dec Mar	p deer under E rate of discou- ed rate for par- 1, 1994 to Ser E MONTH S Open 93,48 92,62	100,000 to 11 to 100,000 to 12 to 100 to 25, 15 to 25, 15 to 25, 15 to 20, 1894, \$ truelling \$ 560 prices \$ 93 43 \$ 92.56	PUTURES Charge -0.07 -0.10	s webstreen rate Stig. Eq. 5, 1994, Sch V 5.735pc. 1 (LIFFE) 25 Night 93,48 92,62	for cush <sup>1</sup> 450 port Financis, orner il 5 il 7 Promos Hous 00,000 poir Low 93,41 92,53	Make up any Judge: Refer e Base Rate ats of 100% Est. vol 21799 27553	Sep 30, ence rate to spc from Or Open Ini 146543 73789
Corp of Ya Aso tende 1924, Agra period Sep 1, 1994 THIRE  Dec May Jun Sep	p dep under E rate of decou- ed nate for par- ed 1, 1994 to Set E MONTH S Open 93.48 92.62 92.01	100,000 to 11 mt 5.420 pc. cod Oct 26, 1894, S TERLING Sett prices 93.43 92.56 91.94 91.52	ECGD Rund ECGD Rund SS4 to Nov 2 charmes IV & FUTURES Charge -0.07 -0.10 -0.11 -0.11	s withfrown rate Stig. Eq. 5, 1994. Sch V 5,735pc. 1 (LIFFE) £5 Night 93,48 92,62 92,02 97,59	tor cash 4 per part Finance, amed # 8 # 7 Finance House 00,000 point Low 93,41 92,53 91,90	Make up don 7.05pc Refer to 84se Ruse its of 100% Est. vol 21799 27553 10268	Sep 30, ance rate to Sept from Co.  Open less 146543 73789 55975
Corp of Ya Aso tende 1924, Agra period Sep 1, 1994 THIRE  Dec May Jun Sep	p dep under E rate of decou- es nite for par 11, 1994 to Se E MONTH S Open 33,49 92,62 92,01 91,59	100,000 to 11 mt 5.420 pc. cod Oct 26, 1894, S TERLING Sett prices 93.43 92.56 91.94 91.52	ECGD Rund ECGD Rund SS4 to Nov 2 charmes IV & FUTURES Charge -0.07 -0.10 -0.11 -0.11	s withfrown rate Stig. Eq. 5, 1994. Sch V 5,735pc. 1 (LIFFE) £5 Night 93,48 92,62 92,02 97,59	tor cash 4 per part Finance, amed # 8 # 7 Finance House 00,000 point Low 93,41 92,53 91,90	Make up don 7.05pc Refer to 84se Ruse its of 100% Est. vol 21799 27553 10268	Sep 30, ance rate to Sept from Co.  Open less 146543 73789 55975
Corry of Ya Asia tender 1994, Agre period Sep 1, 1994  THRE  Dec Mar Jun Sep Traded on	p dep under E rate of decou- es nite for par 11, 1994 to Se E MONTH S Open 33,49 92,62 92,01 91,59	100,000 to 11 mt 5.4750, 100 000 to 12 mt 5.4750, 100 000 to 20, 100 000 000 000 000 000 000 000 000 0	ppe Deposit ECGD Stude 994 to Nov 2 chumbes 17 8 PUTURES Change -0.07 -0.10 -0.11 ms for pre	withdrawn mae Stig. Eu S. 1994. Sty V S. 735pc. 1 (LIFFE) £5 Night 93.18 92.62 92.02 97.59 withdrawn day.	tor cash lipse port Finance, and a sill : Pinance House Bill : Pinance Bill : Pinanc	Make up day 7.65pc Retards 6 Base Rate MS of 100% Est. vol 21799 27553 10268 4260	Sep 30, ance rate to Sept from Co.  Open less 146543 73789 55975
Cors of ta Asó tende 1994, Age period Sep 1, 1994 III THRE Doc Mar Jun Sep Traded on	o dep under t ir inte of decou of me for pari 11, 1994 to Sei E MONTH S Open 93,48 92,62 92,01 91,59 APT. All Open	100,000 is 11 mt 5.47 sp.; od Oct 26, 15, 15 p 30, 1894, S FERRI PMG  Selt prices 93.43 92.56 91.94 91.52 i interest 93	ECGO Based	withdrawn mae Stig. Eu S. 1994. Sty V S. 735pc. 1 (LIFFE) £5 Night 93.18 92.62 92.02 97.59 withdrawn day.	tor cash lipse port Finance, and a sill : Pinance House Bill : Pinance Bill : Pinanc	Make up day 7.05pc Relate 6 Base Rate 15 of 100% Est. vol 21799 27553 10288 4250	Sep 30, ance rate to spe from Di 146543 73789 55975
Corry of Ya Asia tender 1994, Agre period Sep 1, 1994  THRE  Dec Mar Jun Sep Traded on	o dep under t ir inte of decou of me for pari 11, 1994 to Sei E MONTH S Open 93,48 92,62 92,01 91,59 APT. All Open	100,000 to 11 mm 5.425 pc. cod Oct 26, 35 pc.	PUTURES Change -0.07 -0.11 -0.11 -0.11 -0.11 -0.11	withdrawn mae Stig. Eu S. 1994. Sty V S. 735pc. 1 (LIFFE) £5 Night 93.18 92.62 92.02 97.59 withdrawn day.	tor cash lipse port Finance, and a sill : Pinance House Bill : Pinance Bill : Pinanc	Make up day 7.05pc Retards 6 Base Rate MS of 100% Est. vol 21799 27553 10268 4260	Sep 30, ance rate to Sept from Co.  Open less 146543 73789 55975
Corry of Ya And tender 1994, Apre period Sep 1, 1994  THRE  Dec Mar Jun Sep Traded on  ###################################	o dep under E male of decourse rate for part in 1974 to Set E MONTH S Open 93.49 92.62 92.01 97.59 APT. All Open Dec	TOURDON IS 11 mm & 422 Mpc.  TOURDON IS 12 Mpc	Change	s withdrawn mite Stip, Eur. 5. 1944, Solt, V S.735pc. 1 (LIFFE) £5 Pagh 93.48 92.62 92.02 97.59 World day.	tor cosh liter part Finance, and a sill : Finance House GO,000 point Low 93.41 92.53 91.90 97.47	Make up don Joseph Albaria Base Rate Its of 100% Est. vol 21799 27553 10288 4260 PUTS	Sep 30, since rate lo spc from O. Open lei 146543 73789 55975 51459
Corry of Ya And tender 1994, Apre period Sep 1, 1994  THRE  Dec May Jun Sep Traded on	o dep under t ir ratio of decou- city of the part 1, 1994 to Se E MONTH S Open 93,48 92,62 92,01 91,59 APT. All Open	700,000 to 11 mt 5.423pc. mt 5.423pc. to 0.00 to 15.13 pc. to 0.00 to 15.13 pc. to 0.00 to 15.13 pc. to 0.00 t	PUTURES CONTROL CONTRO	s withdrawn mars 31g, Ery 5, 1994, Solv V 5,735pc 1 (LIFFE) 25 Night 93,48 92,62 92,02 91,59 whose day.	tor cash Note port France, open Fig. 18 19 19 19 19 19 19 19 19 19 19 19 19 19	Make up day Joseph Reterior 8 Base Rate 125 of 100% Est. vol 21799 27553 10268 4260	Sep 30, ance rate to Spc from Or Open Int 146543 73783 55975 51459

BASE LENDING RATES									
Adam & Company 5 75 Allied Thist Bank 5.75 Allie Bank 5.75 Allie Bank 5.75 Bank of Barodo 5 75 Bank of Barodo 5 75 Bank of Cypnus 5 75 Bank of Cypnus 5 75 Bank of India 5 75 Bank of India 5 75 Bank of India 5 75 Bank of Scotland 5 75 Bank of Mid East 5 75 Bit Bit of Mid East 5 75 Cheark NA 5 75 Cytescale Bank 5 75 Cytescale Bank 5 75 Count & Co. 5 75 Cruft Lyerraes 5 75 Cruft Lyerraes 5 75 Cypnus Papulor Bank 5 75									

271 194.2		8.968	1.586	0.779	1.720 1.2	75 123.4	1
Lira and Pea	per 100.						
JAPANE	SE YEN R	ITURIES (	MMI Yen	12.5 per Y	'en 100		
	Open	Latest	Change	Hìgh	LOW	Est vol	Open int.
Dec	1.0338	1.0360	+0.0016	1.0416	1.0338	12,075	42,849
Mar Jun	1,0460	1,0443	+0.0011	1.0496 1.0590	1.0426	148	481 8
JUN	•	1.0560	-	1.0090	-	1	•
STERLIN	KG FUTURI	ES (IMM) !	282.500 o	er F			
Dec	1.6254	1.6310	+0.0056	1.6322	1.6246	13.840	44,699
Mar	1.6226	1.6294	+0.0056	1.6320	1.6220	83	467
km	-	1.6258	+0.0056	1.6270	1.6200	1	8
EMS EU	IDODE!	M CIL	ROFN	Y IIM	T PATE	e	
Oct 25	Ecu ca			Change	% +/- from	-	ed Div.
	rates	again	et Ecu	on day	CON, FESSA	A Media	est incl.
Netherlands			4883	+0.0004	-2,27	6.00	.=
Belgium	40.212		4302	-0.0051	-1,94	5.65	15
Germany	1.9496		1538	-0.00008	-1.76	5.44	-
reland France	0.80962 6.5388			0,001124 -0.00444	-1,59 0.30	5.26 3.28	9 -4
rrance Demmark	7.4367			-0.00362	0.59	3.28 2.98	-5
Portugai	192,85		5.584	-0.288	1.42	2.14	-11
Spain	154.25		9.789	+0.121	3.59	0.00	-23
-			-				
NON ERM I Greece	MEMBERS 264.51	2 20	4,679	+0.3	11.48	-7.08	_
tsiy	1793.1		4.679 61.63	+3.16	9.39	-7.08 -5.30	_
JK	0.78674			3.000087	-0.30	3.90	_
(17/9/92) Sterfi							nciel Times.
PHILADI	ELPHIA SE			,250 (cent	s ber borug		
Strike Price	Nov	CAL		Jan	Nov	PUTS Dec	Jan
1,550	8.40	8.4	-	Jan 8.62	MOY	0.14	0.40
1.575	5.98	6.3		8.61	0.03	0.41	0.80
1.600	3.69	4.3		4.78	0.03	0.92	1.45
1.625	1.85	27		3.26	0.79	1.78	2.40
1.650	0.67	7.6		2.15	2.10	3.04	3.65
.875	0.15	0.8		1.32	4.03	4.76	5.28
		/36 PUB 3	ALC: PIEV.	SERY'S OPER A	nt., Cella 438,9	195 Puta 382.	
						95 Put 392.	
	HONTH EL	BOOOLI	AR (IMM)	\$1m point	of 190%		
R THINES						Est. vol 55.489	
R THINEE I	Open	RODOLL Latest	AR (IMM) Change	\$1m point High 93,98 93,55	s of 190% Low	Est. vol	Open int.
R THINEE I	Open 83.96	RODOLL Latest 93,96	AR (IMM) Change -0.01	\$1m point High 93,98	s of 190% Low 93.92	Est. vol 55,489	Open int. 439,433
R THIPES) Dec Mar Aun	Open 93.96 93.53 93.03	ROBOLL Latest 93,96 93,53 93,08	AR (IMM) Change -0.01 -0.01	\$1m point High \$3,98 93.55 93.10	5 of 190% Low 93.92 93.49 93.02	Est. vol 55,489 65,726	Open Int. 439,433 392,887
R THIPES) Dec Mar Aun	Open 93.96 93.53 93.03	ROBOLL Latest 93,96 93,53 93,08	AR (IMM) Change -0.01 -0.01	\$1m point High \$3,98 93.55 93.10	5 of 190% Low 93.92 93.49 93.02	Est. vol 55,489 65,726	Open Int. 439,433 392,887
PATHEREN Dec Mar Aun Dec US TREA	Open 93.96 93.53 93.03 LSURY BIL 94.53	Equest 93,96 93,53 93,08 L FUTUR 94,58	AR (IMM) Change -0.01 -0.01 -0.01 -0.01 +0.01	\$1m point High \$3,98 93.55 93.10	s of 190% Low 93.92 93.49 93.02	Est. vol 55,489 65,726 44,844	Open Inf. 439,433 392,687 302,083
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# on drift by bonds, dollar

#### Wall Street

US stock indices were mixed as share prices paralleled a uncertain drift by bonds and the dollax, writes Frank McGurty in New York

By 1 pm, the Dow Jones Industrial Average was 2.69 better at 3,857.99, while the more broadly based Standard & Poor's 500 was up 0.72 at 461.55. On the NYSE, volume was fairly heavy, with 193m shares traded by early after-

In spite of the slight improvement in blue chips, most stocks suffered a setback during the morning. The Nasdag composite was down 4.12 at 757.09 and the American SE composite was off 1.13 at 461.16. On the NYSE, declining issues led advances by more than two to one.

From the opening it was evident that the negative tone which has held sway over investors since last week had not budged overnight. The Dow industrials began with a 16-point deficit, but managed to crawl back to their starting point thanks to some improvement in the bond market.

Longer dated Treasuries. which were carrying their highest yields and lowest prices in more than two years, appreciated on the Conference Board's announcement that consumer confidence had sagged last month. But the ensuing bargain-hunting quickly petered out, and concerns over fresh supply and monetary policy soon reasserted themselves. That left bonds to drift in and out of negative territory, as traders kept a wary eye on the dollar, which was showing little

change on the day. It was a pattern which the leading stock indices would mirror until early afternoon, when the blue chips gained a firmer foothold on the positive side. The improvement came largely in response to a generally favourable tranche of

from the energy group produced a few pleasant surprises. Texaco, one of the Dow components, gained \$1% to \$631/2 after it posted third-quarter net income of 98 cents, about 25 per cent better than analysts

Exxon, another Dow industrial, earned a late reward for better-than-expected results revealed during the previous session. The stock climbed \$1%

to \$61%. But it was Mobil, up \$3 to \$83¼, which fared the best among the oil companies. Dean Witter Reynolds lifted its rating on the stock as the company completed a study on ways to cut costs and restructure its operations.

USX-US Steel was marked down \$2% to \$36% even although its third quarter net, published after Monday's close, jumped to \$1.11 from 41 cents a

year earlier. By contrast, Eastman Kodak suffered only minor damage after it posted earnings of 57 cents, well under forecast

The stock slipped just \$% to \$47%, although it had fallen by nearly 11 per cent since mid-September on anticipation of just such a result.

On the Nasdaq, Compuware's share price was hammered on weaker-than-expected results from the software developer. The stock was down more than 16 per cent at \$39% in heavy volume of 5.8m

#### Canada

Toronto stocks were hit by interest rate jitters and a shaky US dollar, and the TSE 300 composite index fell 17.62 to 4,248.40 in 21.15m shares worth C\$266.28m

Only four of 14 sub-indices were stronger at midday, although financial services recovered from lows to trade off 19.08 at 3,051.71; communications and media lost 42.50 at 8.122.34 while the forestry group fell 39.74, or 0.9 per cent

## Mexico loses 2.5%

Mexican stock prices fell sharply, hit by a lower-than-expected earnings report from Telmex and its downgrading

The IPC index of the 37 leading shares was off 66.21 at 2,567.41 in early trade, a fall of 2.51 per cent.

Telmex ADRs were down \$3% at \$56% on Wall Street, while in Mexico its L shares, which can be held by foreigners, were down 5.8 per cent. Telmex accounted for 22m of

the 27m shares traded. Bear Stearns said that it lowered its 1994 and 1995 earnings

estimates and Merrill Lynch lowered its near-term and long-term rating.

Telmex reported nine-month net earnings of 7.15bn new pesos, up slightly from the same 1993 period. Analysts had been expecting a strong rise. The Telmex holding company, Grupo Carso, dropped 2.4

per cent to 372 pesos.
Elsewhere Grupo Casa
Autrey, the pharmaceuticals group, was off 7.9 per cent and the construction company, Tri-basa, by 6.5 per cent. Cemex, the cement company, was off 2.8 per cent at 31.1 pesos.

### Johannesburg easier

Shares on the Johannesburg stock exchange followed international markets lower. Brokers remarked that golds withstood an early assault from the stronger financial and commercial rands, but suc-cumbed later in the day after bullion edged off the \$390 an

However, analysts said that they expected current declines, especially in the industrial sector, to be short-lived; medi-um-term prospects remained

The World Index (2151) ...... 177.69

positive, especially if the recent stream of positive company results continued. The overall index lost 50 to 5,701, the industrial index fell 64 to 6,539 and the gold index 18 to 2,302.

Adcock Ingram rose 10 cents to R13.85 ahead of improved results and Edgars rose R3 to R128 after announcing a 25 per cent increase in interim earnings a share.

De Beers slipped R1.25 to finish at R99,25.

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# Equities mixed US indicator rescues bourses in mid-afternoon

New lows for the dollar, and further weakness in bonds took bourses to falls averaging 2 per cent in the early afternoon, when a slippage in US consumer confidence in October seemed to rescue them from their worst fears, writes Our Markets Staff.

Treasuries and European domestic bonds recovered, the dollar staged a technical rally and bourses recovered half or more of their earlier losses. But Mr Nicholas Knight, the Nomura strategist, said that he would want to see a whole range of US data before he would believe that the US economy was slowing down. in the meantime, Mr Knight

highest in two years, yet still feels inadequate."
FRANKFURT exemplified the European trend. The Dax index dropped 50.75, or 2.5 per cent to 1,974.63 by the end of floor trading and dealers were prepared for it to test closing lows of around 1,950 for the

held to views expressed in a

global strategy note on Mon-day: "Our cash allocation is

year in later trading. However, bunds led an afternoon recovery after a morning drop of more than a percentage point in December bund futures. Equities responded

closing 26.79, or 1.3 per cent 1.995.85. Turnover rose from DM4.7bn

with the Ibis indicated Dax

to DM7bn. RWE, Germany's largest electrical utility with a decline in 1993/94 earnings per share, and MAN, which said that its big commercial truck and bus division swung to a DM97.4m loss, might have made an impact on another day; but they made little difference in a market which left names like Bayer in chemicals, Deutsche Babcock in engineer ing and Kaufhof in retailing with falls of 2 per cent or more

at the end of the afternoon. PARIS fought back from a year's low in the CAC-40 index of 1.796.82 to close the day with a loss of 17.17 to 1,824.42. The market began to rebuild itself after Wall Street opened, hav-ing collapsed earlier following the sharp increase in US Treasuries overnight.

The US consumer confidence data later in the day helped to steady nerves, at least for the time being, although traders warned that, given the fact that investors were very unsettled at the moment, further

weakness was to be expected. Turnover was about FFr4bn. In the corporate sector BNP

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lost FFr5.20 to FFr244.60 and a 10 per cent rise in ninesaid that it was to discuss today a plan to turn its remaining investment certificates some 900,000 - into ordinary shares, of which there are about 185m.

ZURICH's recovery from its intraday lows left the SMI index down 30.50, or 1.2 per cent at 2,494.7 after 2,472.7. The main loser in blue chips was SMH, down SFr30 to SFr667 as two banks reduced their earnings forecasts for the watch

Generally, stocks looked more vulnerable in the second tier. Pharma Vision, the specialist investment fund, dropped SFr150 to SFr3,780 although Sandoz, in the sector covered by the fund, lost only SFr9 at SFr641 on a 3 per cent rise in nine-month sales. In floor and wall coverings, Forbo dropped SFr110 to SFr2,350 on month profits, and in construction equipment, Hilti lost SFr40 at SFr980 after it said that it had no plans to place any of its registered share capital on the bourse. AMSTERDAM broke away

from the session low although

investor confidence remained nervous. The AEX index closed down 3.13 at 398.20, having fallen earlier to a low of 394.62 The market's dollar sensitive and heavily capitalised issues reacted negatively to the US currency's continued weak-ness, but a few bright spots

were noted. Nedlloyd, for instance, which had been pressured at the end of last week on brokers' downgrades and a decision by a decision by the European Commission blocking pricing and capacity agreements between shipping lines on transatlantic

container routes, added 70 cents to Fl 49.20. The group said that it did not expect the decision to have an adverse effect on profitability, and commented that Far East routes were holding up well.

MILAN gave up the gains made at the start of the week in another session characterised by low volume. The Comit index finished down 8.01 or 1.3 per cent at 613.78 . Actinvest, the independent

earch group, commented that in the present climate with turnover remaining depressed – an average of L500bn, although yesterday that figure fell to L450bn – the market was likely to react with exaggerated volatility to any sort of bearish news. "It is probable," said Actinvest,
"that this stagnant period could last for at least one or two months, until the budget is finally approved and there is more confidence in the governing coalition's political capabil-

RAS, the insurance company in which Allianz of Germany has a majority stake, shed 6 per cent to L17,790 after it said that it was to mount a L2.300bn funding operation to cover its purchase of Elvia from Swiss Reinsurance,

announced earlier in the year. RAS said that it would raise L1,150bn through a rights issue with warrants attached and L1,150bn through a bond issue, also with warrants attached. The capital increase is expected to begin on November 15.

Telecom Italia, which said on Monday that it planned to demerge its mobile telecommunications division next year, lost L80 to L3.990, in line with the market trend.

MADRID had a mixed day for headlines. It ended a new low for the year in spite of an intraday recovery with other bourses, the general index closing 3.94, or 1.3 per cent lower at 289.30. But turnover recovered from Ptall.9bn to Pta32.2bn, partly reflecting a big block trade by Bolsa Andino in Acesa, the motorway operator, which fell Pta25 to Pta1,045.

Falls of 2 per cent or more were commonplace in the construction sector, reasonably so in utilities where Telefónica dropped Pta35 at Pta1,650, but still unusual in banks. Monday's resilient sector, where Argentaria stood out with a fall of Pta100 to Pta4.780.

Written and edited by William

# Nikkei ends lower ahead of Japan Tobacco listing

Worries over the higher yen and tomorrow's listing of Japan Tobacco eroded investor confidence and share prices lost ground for the third consecutive day, writes Emiko

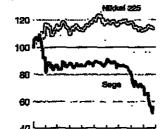
*Terazono in Tokyo.* The Nikkei 225 index fell 120.22 to close at the day's low of 19,732.15, after opening at a high of 19,831.87. The market was hit by arbitrage selling and position closing by dealers ahead of the last trading day for October settlement today. Buying by financial institutions failed to counter heavy selling and the index fell just before the close.

Volume was 219m shares against 181m. The Topix Index

Share price and index rebased

#### Seco Enteroríses





of all first section stocks fell 6.79 to 1,568.40 and the Nikkei 300 fell 1.18 to 286.82. Declines led advances by 632 to 301, with 240 issues unchanged.

1994

In London, the ISE/Nikkei 50 index rose to 0.21 to 1,288.18. An official announcement by the Finance Ministry that it would not unload the unsold Japan Tobacco shares until next fiscal year failed to encourage investors. Some market participants were worried that institutional inves-tors who had bought the stocks at the auction prior to the public offering could sell their

holdings.

The rise in the yen to the Y96 level hurt export oriented stocks. Fujitsu fell Y10 to Y1,070 and Toshiba declined Y12 to Y751. Car makers were also lower with Nissan Motor down Y18 to Y828 and Honda

Motor losing Y30 at Y1,700. However, Matsushita Electric Industrial rose Y20 to

Y1,600 after it announced that its interim pre-tax profits had risen by 26 per cent and revised up its full year fore-

Sega Enterprises, the video game maker, snapped out of its eight day losing streak, and rose Y380 to Y4,830 on bargain hunting, while Nintendo added Y120 to Y5,170. Tsumura, the drug maker, put on Y80 to

Steels and heavy industry stocks were actively traded. Nippon Steel, the day's most active issue, rose Y2 to Y390 and Mitsubishi Heavy Industries added Y2 to Y766. In Osaka, the OSE average

fell 79.36 to 22,017.55 in volume of 44.4m shares.

#### Roundup

The overnight fall on Wall Street brought early weakness to the region, but some marwas closed for a holiday.

HONG KONG lost 1.25 per cent in low volume, with futures-linked trading adding a further disincentive. The Hang Seng index fell 117.79 to 9,246.50 in turnover of HK\$2.3bn. October Hang Seng futures declined 170 to 9,220 on 21,000 contracts ahead of their

expiration this Friday. Hanny Magnetics, a manufacturer of video cassettes and floppy disks, gained 12 cents to HK\$1.05 amid speculation that Hutchison Whampoa would purchase additional stock to maintain its stake in the group. Hutchison fell 60 cents

to HK\$34. SEOUL staged a rebound in blue chips, but brokers said that they expected the rise to be short-lived as the composite stock index added 9.87 to

Both Goldstar and Yukong went limit up, gaining Won1,300 and Won1,600 to close at Won31,700 and Won44,400 respectively.

Brokers said that tax payments due next week, amountfears of intervention by the Korea Stock Market Stablisation Fund would limit further rises. Last week the fund sold

Wonloobn worth of stocks in an attempt to cool the market which had reached an historic high on October 18 of 1,127, KUALA LUMPUR'S

composite index ended down 6.84 at 1,102.23 after hitting a low of 1,099.79. Trading remained subdued with volume reaching 196m shares.
Acidchem led the day's activ-

ity with the shares rising 50 cents to M\$8.40 in volume of 8.2m shares. The company last Friday announced the acquisi-tion of the Penang bridge concession and a stake in the toll operator, Metacorp. SINGAPORE retreated on

foreign investor-led selling of blue chips in light trading, with many buyers sidelined. The Straits Times Industrial index fell 14.32 to 2,362.54, in volume of 155m shares.

Among the main losers Cycle

S\$13.40, Keppel Corp 20 cents to S\$12.90 and Fraser and Neave 10 cents to S\$17.20.

BANGKOK gave up 1.4 per

cent in acknowledgment of negative sentiment in the region, with the banking sector particularly badly hit. The SET index lost 20.90 at 1,501.58, most of its losses com-

ing in morning trade. Turnover was moderate at Bt6.9bn. Brokers said that foreign institutions were behind most of the selling.

The banks were sold heavily after recent gains, with the sub-index losing nearly 2 per cent in turnover of Bt1.6bn. Krung Thai Bank was down Bt2 at Bt86 SYDNEY followed overseas

markets down but it was also disturbed by sales of futures as the All Ordinaries index fell 15.6 to 2,021.8 in turnover of A\$431.9m.

The December futures contract fell by 31, or 1.5 per cent to 2,003. Resources stocks fared worse than industrials but major banks finished weaker, retracing Monday's gains. Dealers expected activity in banks to pick up ahead of results expected from Westpac, National Australia Bank and

ANZ early November. MANILA was led lower by Petron, which took it up on Monday, and the composite index fell 23.81 to 3,089.34 as turnover rose from 1.81bn

pesos to 3.73bn. Petron fell 1.9 per cent to 25.50 pesos, Philippine Long Distance Telephone Co dipped by 2 per cent to 1.450 pesos and San Miguel B dropped 1.45 per

cent to 136. **BOMBAY** extended its gains to a a third consecutive day: volumes remained low. but brokers said that sentiment was much improved as the BSE 30-share rose 27.21 to 4.355.58. The brokers said that the recovery was mainly due to selective buying by Indian mutual funds and local inves-

KARACHI was dominated by bearish sentiment as the KSE 100 index fell 28.55, or 1.25 per cent to 2,249.68; traders talked of a liquidity crunch, with investors' money diverted to

COLOMBO came back to a fall of 2.85 per cent, on political uncertainty following a day's curfew imposed after the assassination of the opposition leader Mr Gamini Dissapayake. The all share index fell 31.74 to 1.081.27 and turnover from Rs175.99m to Rs59.21m.

#### This announcement appears as a matter of record only

has acquired

AMERICAN BARRICK RESOURCES CORPORATION

LAC MINERALS LTD.

We acted as financial advisors to American Barrick Resources Corporation

S.G.WARBURG

Kidder, Peabody & Co. Incorporated

September, 1994

### FT-ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS US Dottar Index Gross Div. Yield Local Day's Change % Local Currency Index Pound Sterling Index Figures in parenthoses show number of thes 3.56 1.13 4.25 1.44 0.73 1.85 3.30 1.74 0.77 1.50 2.18 1.50 2.18 1.50 2.18 4.95 1.50 2.18 4.95 4.95 4.95 4.95 0.1 0.1 0.3 -0.6 0.3 0.4 -0.4 -0.2 -1.9 0.1 0.5 0.1 0.5 0.1 0.0 0.1 Mauco (18) ...... Nemoriand (19)..... New Zealand (14)... 187.01 59.22 165.52 294.66 202.72 194.70 65.68 182.98 326.93 ..218.84 ....73.94 United Kingdom (204).... USA (515)..... 172.70 157.28 105.88 134.26 233.73 212.87 143.30 181.71 172.29 156.81 105.63 133.95 172.34 156.95 105.68 133.95 186.51 169.88 114.35 145.00 153.91 140.16 94.37 119.66 260.79 237.52 159.90 202.75 174.39 156.83 105.82 135.56 178.31 160.57 108.10 137.07 177.43 161.60 108.79 137.94 168.70 171.88 115.68 148.70 147.75 178.59 154.79 210.48 233.91 173.19 110.85 178.86 134.79 126.75 175.14 143.86 185.95 192.73 175.67 127.16 158.12 195.94 232.33 296.21 230.10 129.65 176.65 145.58 144.65 176.39 155.56 147.07 180.03 158.54 176.33 195.20 178.34 157.41 213.04 156.35 156.68 168.38 140.49 238.08 158.52 158.61 160.87 171.12 134.52 147.93 182.05 210.37 133.61 110.63 133.69 126.67 143.89 184.32 120.03 127.50 203.45 222.41 135.46 129.55 136.58 144.06 137.47 148.50 146.23 176.55 EUROPE (709).. 108.21 143.74 105.49 105.72 713.61 94.77 160.64 108.96 107.83 108.55 116.48 0.7 0.0 -0.2 -0.1 -0.9 6.3 6.0 -0.1 -0.4 -0.4 3.15 1.41 1.09 1.97 2.88 2.54 2.82 1.97 2.09 2.29 2.94 Europe Ex. UK (505) .... Pacific Ex. Japan (279) World Ex. US (1636) ....

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2.29 178.48 162.55 109.43 138.76 148.17 180.80 158.85 168.82

# TECHNOLOGY IN THE OFFICE

Wednesday October 26 1994

While the PC has become the leading agent for change, Paul Taylor finds that office equipment is combining features to become multi-functional

## System distinctions begin to vanish

Digital technology is transforming the way compa-nies do business. This is most evident in the office where networks of powerful personal and high-speed communica-tions links are re-shaping the

医电压器效果

THE WALLES

Data processing and digital telecommunications in particu-lar have changed the way information is collected, manipulated, analysed and stored. Now these technologies are converging, bringing the integrated digital office closer.

In the process they are enriching the office environment by bringing new value added services, such as video-conferencing, electronic mail, electronic data interchange (EDI) and multimedia. to the desktop.

The most dramatic change since the early 1980s has been the arrival of the personal computer and workstation. Today an estimated 100m PCs and workstations are in use across the globe. Each new microprocessor generation brings more power to the desktop at the same or lower prices. The accelerating pace of silicon engineering means that most desktop machines now have the power and storage capacity of yesterday's mainframe

Such high performance machines are required to han-dle the sophisticated and power-hungry software developed by Microsoft and others.

increasingly these PCs are hooked together using hard-wire and wireless telecommunications links to form local and wide-area networks (Lans and Wans) which can share data and peripherals like print

machines, scanners and other equipment. This process of computer platform substitution from mainframe to desktop PC and mid-range machines called "servers", has become known as "downsizing", or

"rightsizing".

The fact that the PC has become an indispensable business tool and an agent for change in the workplace is reflected in a study\* of the European market undertaken by Context, an IT research firm, and published recently by the Economist Intelligence

The authors note that in spite of recession and cutbacks, the PC market has grown by 12.5 per cent in unit terms in 1992 and by about 14 per cent in 1993. "Projections for 1994 are that demand will continue to rise and that unit growth could increase by more than 20 per cent on 1993," the

report says. "The reasons for this sustained growth are simple. Business in the 1990s cannot compete without the efficiency and technology provided by computers. The PC best fulfils these requirements in a form that is versatile, flexible, powerful and, most important of all, affordable. The massive price reductions of the past two-years have played a vital part in promoting continued growth in the sale of PCs."

The PC may have improved office productivity, but it has not led to the creation of the paperless office some had predicted. At least 80 per cent of information used in the office is still stored on paper, rather than electronically.

The growing use of elec-tronic-trading and EDI in the ers, computer-based fax UK and elsewhere has begun

mentation which business transactions generate, but progress is slow.

In the US more than a third of companies are expected to buy document management systems this year and new hardware such as digital ontical scanning, storage and retrieval devices have begun to appear in offices.

But so, too, have new paper generators such as high-volume electronic demand printers which link directly to computers, digital offset presses and digital copiers which scan a hard copy once and allow image manipulation before reproducing multiple copies.

Other digital multi-functional office equipment is also beginning to appear, blurring of distinctions between individual devices. Most of these devices combine some or all of the features of a facsimile machine, photocopier, laser printer and scanner.

Meanwhile, other bottle-necks in the office communications infrastructure have been attracting attention. In particular the lack of flexibility, inefficiencies and unnecessary costs imposed by hard-wired telecommunications links are being challenged by new wireless alternatives - in much the same way that cellular telephones and mobile data have begun to change perceptions of telecommunications outside

nesses are using digital cellu-lar telephony, portable comput-ers and mobile data networks to exchange information een the central office database and mobile employees such as salesmen or engineers. Now within the office, sev-

A growing number of busi-



eral PABX (private automatic branch exchange) manufactures have launched digital cordless voice systems. Similarly wireless Lans linking desktop computers, workstations and other devices, without the need for fixed cabling have

begun to appear. Meanwhile the volume and variety of information requiring delivery to the desktop is set to grow rapidly as desktop video-conferencing and multi-media applications become increasingly commonplace. Some computers now come

fully equipped for video-conferencing, allowing users to transmit live video images of themselves to other, similarlyequipped users, and to see on their PC the person they are talking to. But for the moment most PC users will have to buy a special kit if they want to

carry out a video-conference in

a window on their screen. In order to deliver these multimedia services across net-works, new high speed, high capacity packet-switched tech-nologies, such as ATM (Asynchronous Transfer Mode), have

been developed. As they are adopted, the remaining distinctions between office voice and data lines are likely to vanish.

The rapid pace of change means corporate and other information technology users are having to spend increasing amounts to remain in step with new technology. The annual Price Waterhouse infor-mation technology review\*\* published last month and based on a survey of 1,000 information technology executives, found that IT spending jumped by 15 per cent last year

across the corporate sector - a sharp increase given the low inflation rate and far above the 0.2 per cent increase that the same organisations had predicted at the start of of 1993. The survey found IT spend-

ing to be closely tied to restructuring. Two-thirds of organisations claimed to have programmes in place and 28 per cent of IT executives said they were themselves the main architect of change in their organisation.

This study confirms that managers in major companies are now re-thinking their operations and re-equipping their IT systems to fit new market conditions," says Jane Lucien-Scholle, head of the IT practice of Price Waterhouse

Management.
The survey also highlights the marked trend away from mainframe-based systems to PC-based client-server networks. Client-server computing was the most popular of the new and emerging technologies and has been implemented by 58 per cent of the respondents and was ranked number one in offering the greatest potential benefit.

Other new technologies popular with the executives included document image processing and workflow systems which are being used by organ-isations with high volumes of paper which need to be stored such as credit card receipts and cancelled cheques.

"All these findings point in the same direction," says Ms Lucien-Scholle. "Management is looking very deeply into the competitive implications of IT. They want change, but are resisting superficial responses. They are investing, but they

also want value.
"The ways in which they spend these very large sums and adapt their organisations to exploit new systems are likely to have a critical influence on competitive performance and profits in the years

\*The European Market for PCs and Printers, Economist Intelligence Unit, 15 Regent Street, London SW1 4LR. £395. \*\*Price Waterhouse IT Review, Publications Office, Southwark Towers, 32 London Bridge St, London SE1 9SY. Free--

#### In this survey

■ Portables: the functions of a PC now fit into a notebook; Networks: petty thefts can damage businesses; Desktops: leading PC makers are cutting prices to increase volumes ..... Page 2

emorges between computing departments and end-users: Data storage: demand is forcing disk capacities

Photocoplers: working towards a digital era; Document processing: comprehensivo systems are stil lacking .....

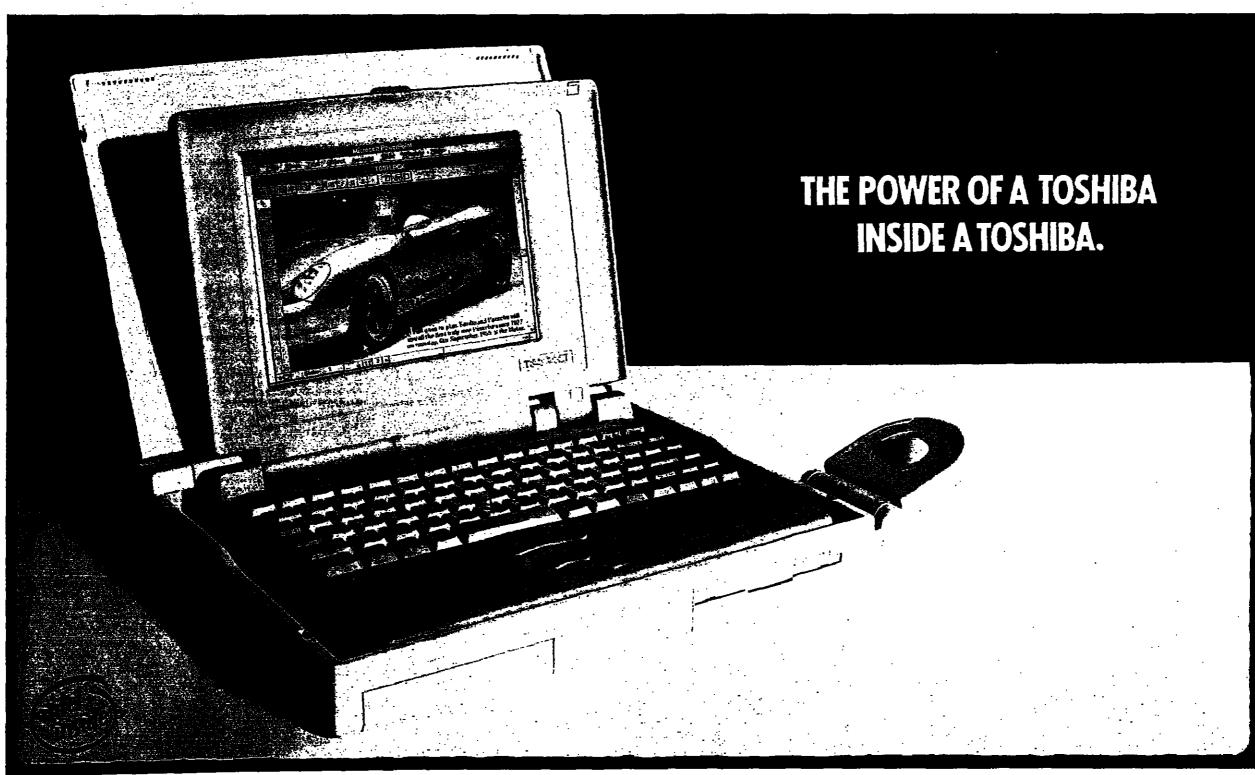
F Printers: our appetite for documentation is apparently insatiable - sales continue to rise: Facsimile machines: vendors believe speed is

Cordiess communications: by the end of the decade, analysts predict that up to a lifth of new office equipment will be cordless Mobile phones: linking the office switchboard to a mobile phone network con cut costs ...... Page 7

■ Volce mail: answering machines are being included in composite products; Video-conferencing: providing an alternative to business travel; Paging: customers are today only a tenth of what was predicted three

Training: multimedia makes learning new skills exciting; Electronic information: none of the services have yet achieved widespread use: EDI: the electronic marketolace is on its

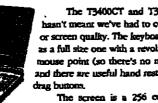
**Building** services: increasing use of technology presents developers with problems; Office equipment: health and safety concerns are beginning to affect design ..... ..... Page 10



How could we possibly make our portables more portable? The new Toshiba 73400 and 73600 series. Measuring just 10"x 8"

they're amongst the smallest portables around.

And as you'd expect from the world leader in portable nputers the T3600CT is also the most powerful tiling portable around. It has a 250 Mb hard disk, 8Mb RAM (expandable to 24) and an intel St. enhanced 486DX2 50Mhz 3.3 volt processor, all powered by a lightweight lithium ion battery.



The T3400CT and T3600CT's size, or lack of it, hasn't meant we've had to compromise on the keyboard or screen quality. The keyboard is every bit as easy to use as a full size one with a revolutionary keyboard integrated mouse point (so there's no need for an external mouse)

porables) and on the T3600CT measures an amazing 8.4", the same size as many full sized A4 notebook screens.

Despite their size, they are still more powerful than many desktops. They have full connectivity, making them easy to use with other office bound systems, port replicators and PCMCIA 2.0 slots (type II) making them as useable as just about anything.

If you'd like more information on the portables where reducing the size hasn't meant reducing the performance please call us on: 0734 845995. The new T3400CT and T3600CT, anything else just doesn't compute

TOSHIBA

3

Desktop computers: Paul Taylor tries to evaluate the conflicting claims

Intel against Compaq in bitter battle

nce again, the worldwide personal computer market is in turmoil with leading PC manufacturers slashing prices to keep volumes moving ahead and a bitter public power struggle breaking out between Intel, the world's leading semiconductor manufacturer, and

Compaq Computer, its biggest customer. in mid-August, a new price war erupted in the US personal computer market when International Business Machines slashed prices on many of its PC products by up to 27 per cent. The move came in response to similar price cuts by Compaq, the US mar-

IBM also cut the prices of its PC net-work servers to less than those of equivalent Compaq machines. Compaq is the dominant supplier of PC servers, used to control office computer networks. This is the most profitable and fastest growing section of the corporate PC market.

Then last month, in an unprecedented outhurst. Eckhard Pfeiffer, Compaq's president and chief executive, lashed out at Intel, accusing the US chip maker of undermining Compaq's marketing efforts and of not giving his company due consideration as the biggest seller of PCs in the US and Europe.

Mr Pfeiffer cited Intel's promotion of its own brand name, chip pricing strategy, and the direct competition posed by Intel's growing PC and circuit board manufactur-

These battles are taking place against

City of London bank,

A which recently con-ducted an audit of its

personal computer networks.

found 50 megabytes of com-

puter memory were missing.

The problem was eventually traced to one of the technical

IT staff, who had taken four

megabytes of memory out of

each new machine that was

purchased, and put it into his

running at £80-100 per mega-byte, such petty thefts can cost

the business a significant

amount of money. Not to men-

tion the loss of capacity on the

network, for which the busi-

The bank's problem is not untypical. According to

Adrian Botterill, UK market-

ing director of network sup-

plier Azlan, many businesses

do not know bow much equip-

ment is connected to their net-

works. Often equipment is

purchased without any plan or

strategy by user departments

and the IT department is not

consulted. Even in IT, PCs and

PC networks tend to be small

beside the larger mainframe

ness could also suffer.

With the price of memory

nome computer

1992 and by about 14 per cent in 1993, according to an Economist Intelligence Unit research report. Projections for 1994 are that demand will continue to rise, with unit growth increasing by a further 20 per

underpinned throughout the recession by

the continued shift by business customers

away from mainframe computers to net-

works of desktop PCs and mid-range com-

According to Dataquest, the market

esearch organisation, about 45 per cent of

PCs were connected to networks last year

and this is forecast to rise to 55 per cent

The impact of this trend is annarent in

PC volume sales. Despite cutbacks, budget

freezes and huge numbers of bankruptcies

and redundancies, the European PC mar-

ket grew by 12.5 per cent in unit terms in

At the same time, there has been a

marked resurgence in sales by the large

brand name PC manufacturers over the

past two years, reversing the trend

towards the cut-price "clone" manufactur-

ers apparent since the late 1980s.

puters (client-server systems).

this year and 77 per cent by 1997.

increased their market shares last year in terms of worldwide shipments, according to Dataquest. In western Europe, shipments by the top nine manufacturers rose by 7.3 percentage points to 54.4 per cent of the total market. Compaq, in particular, has achieved a dramatic turnaround.

The top five PC manufacturers all ketline international the average price of a PC in the UK fell by 16.8 per cent between 1991 and 1993. At the same time. the specifications continue to rise, meaning that entry-level business computers now boast features that were available only on top-level machines a few years

The top five PC manufacturers all increased their market shares last year in terms of worldwide shipments, according to Dataquest

Several factors are responsible. First, the old established manufacturers have hit back at cut-price clone manufacturers with competitively priced machines of their own. Second, the growth of the local area network has placed a premium on PC networking compatibility and on support and service. Finally, customer buying habits for desktop computers have moved back towards established indirect distribu-

Meanwhile, PC prices have continued to tumble. According to London-based Mar- second quarter.

Slim profit margins and shortening product cycles continue to take their toll there has been a steady stream of casualties on both sides of the Atlantic. Nevertheless, volumes are such that no serious contender in the data processing industry

can afford to ignore the PC market.
Fuelling the PC price battle are sharp cuts by Intel in the prices of its microprocessors. The US chipmaker reduced the prices of its 486 and latest generation Pentium chips by about 40 per cent in the

More recently. Intel has announced an advertising campaign to persuade business customers and home consumers to buy PCs based on the Pentium chip - sales of which have been slower than expected. This has annoyed Compaq, which had large stocks of machines based on lower performance chips at the end of the second quarter. Compaq sees Intel's attempts to accelerate the pace of technological advance in the PC industry as an intru-

For its part, Intel is thought to be marketing Pentium chips aggressively so as to maximise its already strong profit margins, and to outflank mounting competition from rival chip manufacturers which threaten to eat into its 90 per cent market share of world microprocessor sales.

Among the competition, California based

Advanced Micro Devices has already launched versions of Intel's 486 microprocessors and has promised a Pentium clone by the end of the year. Other competitors include Nexgen, a privately-held chip developer in which Compaq has a minority stake, and Cyrix. Market analysts lieve these companies could achieve a 20 per cent or higher share of the PC micro-

processor market over time. Meanwhile, both Apple Computer and Motorola, the US electronics and communications manufacturer, have launched PCs based on PowerPC microprocessor chips, jointly developed by the two companies together with IBM.

Its advocates claim the PowerPC microprocessor is more powerful than competing chips from Intel, making them well suited to demanding desktop applications such as multimedia with sound, video and graphics which are beginning to appear in the office.

However, the new chips lack the broad software base available for Intel-based PCs. This is one reason why IBM has delayed the launch of its own version of the PowerPC until early next year.

Lou Gerstner, who took over as IBM chairman 18 months ago, has said that some of IBM's customers are concerned about the rapid obsolescence of the products they buy, and the pace of technological change. However Mr Gerstner has also acknowledged that IBM has often been slower than its rivals to bring new products to market - even when it has a tech-

Despite the concerns of both Compac and IBM, it seems unlikely that the pace of technical innovation will slow. Therefore one of the main challenges facing corporate PC customers will continue to be to sift through the competing claims.

The software industry is

moving to crack down on such

illegal copying. The Federation Against Software Theft,

an industry body set up specif-

ically to deal with the prob-

lem, has the power to demand

a software audit. "It is easier for companies to do an audit if

they have the management

software in place," says Mr

The Administrator, for

example, checks every soft-

ware application on the hard

Monica Horten on how to check software piracy and petty thefts

# Why networks need managers

vidual staff connect PCs to networks with such a degree of freedom that IT departments often don't know what is happening," says Mr Botter-

Only now are user organisations beginning to realise that PC networks need to be properly managed. Networks are installed to enable staff to be more productive by improving the flow of information within a department or an entire organisation. For example, a sales department is given access across the network to the debtors and creditors list on the accounting system. Sales reps then know which customers they should target for further sales, and which are a bad risk.

very benefits which they want and mid-range systems and few people bother to keep preto achieve, if they fail to look after the equipment. For exam-"A lot of companies don't ple, can the network cope if know what networks or everyone wants to access a

same time? What bappens if more users are added to the network and traffic increases, causing regular "crashes"?

"Networks are designed to cope with some failures. But you could have a lot of invisible failures, and if you then load the network up with more data traffic, you could go too far and hit a brick wall," says Lee Taylor, of specialists sup-plier Logical Networks.

oftware is available to deal with each of these issues. But no single product copes with the lot all at once. The products fail into two categories: traditional network management software; and a new raft of products designed to manage desktop applications and hardware.

These organisations not only risk loss of hardware, but The former includes Sun Net Manager, Hewlett Packard's could put in jeopardy those Open View or IBM's Netview. These have evolved since the mid-1980s, beginning as products for managing distributed mainframe and mid-range

computer systems, linked together over wide area networks. They manage the net-working hardware - routers, bridges and multiplexers.

They also monitor the network traffic and alert the IT staff before a route becomes overloaded so they have time to take action. For example, if a network is running at 50 per cent capacity, but previously it was at 20 per cent rising to 30 per cent, then it is clear that the steady increase in traffic could pose a problem. The software should automatically sort out such problems.

All three packages support the international standard for network management, known as SNMP (simple network management protocol). However, they can be expensive, especially for small networks. Logical Networks quotes a minimum of £5,000 for Sun Net Manager, and £12,000-£20,000 for Open View.

Much less expensive are the desktop management products, such as the Norton at £350 for a five-user pack, rising to £2,900 for 50 users. Lan Desk Manager, from Intel, costs £715 for a network with just one server up to £7,000 for one with 20 servers

The Norton Administrator, for example, maintains an inventory of all PCs on the network, including the processor power and memory of each machine. Software upgrades and back-ups are also made easier, because the Administator can distribute software throughout the network.

This solves a big network administration problem. Back-ups and other "housekeeping" activities used to be done by a centralised IT department With the advent of PC networks, users were expected to do their own. But in practice, few do so. Instead. IT staff spend most of their time mov-



The Frankfurt network operations centre of Eunetcom

ing around the organisation. often troubleshooting problems that occur precisely cause housekeeping is done badly or not at all.

According to a recent study by Gartner Group, the market researchers, this type of administrative activity can represent up to 84 per cent of the total cost of ownership of a PC network. The initial capital investment comprises the remaining 16 per cent.

The Administrator also

deals with a relatively new problem facing businesses: that of software piracy. A business can face litigation if found to be using illegal copies of applications software packages. According to Mr Taylor, it is easy to copy software, or to load up a package on to several different machines. "I don't believe there are many companies in the IIK which know how many copies of

Microsoft Word they have," he

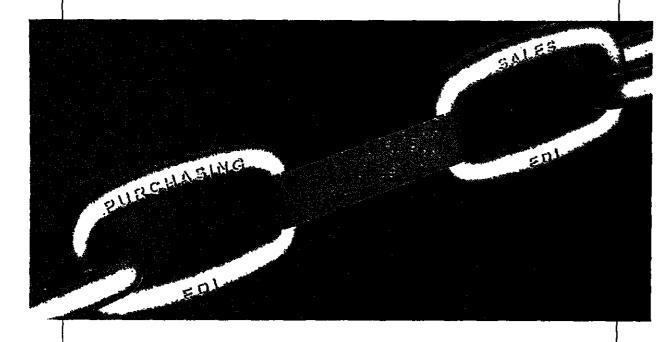
drives, and monitors the usage of each. It tracks software licences, and can be made to enforce licensing - for example, if 500 licences are paid for, it can be asked to refuse to log on the 501st user who tries to access that particular package. But all of the desktop man-

Botterill.

agement products are proprietary and one package will not work with another. A new technical standard, known as the desktop management interface has been agreed. Most manufacturers are now redeveloping their software to meet this standard, and products should be available next

Paul Taylor looks at the rapid growth of the portable computer

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# Tumbling prices ignite market

Lightweight "notebook" personal computers and modem communications devices have made portable computing a reality for a growing number of mobile professionals in the past five years.

Advances in semiconductor technology and the miniaturisation of other components such as hard disc storage devices have enabled PC manufacturers to pack most of the functions of a desktop PC into an A4-sized notebook package weighing about 6lb and priced at £1,500 or less.

Colour notebook PCs using "dual scan" technology have become more affordable and easier to use. Most machines are now powered by fast Intel 486 processors, have large 200Mb or bigger hard disks and credit-card sized PCMICA expansion slots for peripherals

such as fax-modems.

Battery life has been extended through the use of low-power chips, power-saving features and improved battery technology. For example, Dell Computer's new Latitude range includes a dual Nickel Metal Hydride (NiMH) battery option which extends battery life to a maximum 17.5 hours. Other manufacturers have

developed machines for niche applications. For example, Toshiba offers a model that includes a CD-Rom drive, stereo speakers, detachable keyboard and facilities to make multimedia presentations while travelling and Cannon has machines which incorporate a bubble jet printer for those who require paper printouts but do not want to carry a separate printer.

Fulitsu is one of several manufacturers which have launched lightweight "tablet" PCs where data is input on to a flat screen using an electronic pen pointing device instead of a keyboard. Fujitsu's Stylistic 500, launched earlier this month, weighs 2.6lb and is designed to appeal to markets such as insurance, transportation, utilities, consumer packaged goods, pharmaceuticals and health care.

For engineers and others requiring the power of a work-station while away from the office, Tadpole Technology has developed a range of high performance SPARCbook 3 laptopsize portables. Target applications and markets include computer-aided design, financial services, geographic information systems, equipment test and maintenance and telecommunications.

Other machines have a modular design, enabling screens and hard discs to be swapped easily and some, such as AST's range of Ascentia 900, can be easily hooked up to larger screens or office local area networks using a docking station or port replicators.

Technical improvements. together with tumbling prices, have turned portable computers into the fastest-growing segment of the world computer market. According to Dataquest, the market research organisation, portable computer sales - mostly of notebook or even smaller sub-notebook machines - were worth \$3.6bn last year.

In volume terms notebook computer sales in Europe grew by more than 18 per cent to 1.33m with four vendors -Compaq, Toshiba, IBM and Apple – accounting for 59.5 per

with the office while travelling. Most of these employees made their connection over the public switched telephone network although a quarter said they used cellular telephone connections, 18.5 per cent used pri-vate or public mobile radio and a similar proportion said they used mobile packet data ser-

employees were able to use

their portable PCs or data ter-

minals for communicating

In the study, the most impor-tant uses listed for mobile data communications were sending and receiving electronic mail, sending and receiving facsimiles, transferring files, accessing purchase and inventory data bases and accessing customer and invoicing databa A modem (modulator/de-

'Connectivity is becoming a more and more important feature of mobile computing'

cent of the market. However, portable computer sales still represented only 17.4 per cent of the total European PC mar-

"Although portable computing represents only a minority of the total PC market, more and more people are adopting ticularly in a business environment," says Jeffrey Goldberg, a Dataquest consultant. "The notebook computer has replaced the secretary as the abiquitous travelling compan-

Growth of the portable PC market has flattened since the boom years of 1990 to 1992. Nevertheless. Dataquest predicts that between 1993 and 1998 portable computer sales will grow by a compound annual rate of 23.4 per cent, compared with 8.4 per cent for desktop PCs. Worldwide sales of mobile

computing equipment, peripherals and services are expected to grow to almost \$45bn by 1997 according to California-based Market Intelligence Research.

Business use of portable computers is undoubtedly increasing. When Dataquest asked corporate computer purchasing managers across Europe whether any of their employees used portable PCs, 70 per cent replied "yes", with the UK and Germany showing the highest uptake. The three largest groups of users were top executives and finance staff, sales and marketing and engineering and maintenance. More than 32 per cent also

modulator) enables a computer to exchange digital data over an older-style analogue telephone line with another machine, typically a head office computer which is also equipped with a modem and has become another essential piece of equipment for many travelling professionals.

"Connectivity is becoming a more and more important feature of mobile computing, espe-cially aimed at making life easier for business users who are on the move," says Steve Crawley, AST's product marketing manager. "The latest trend shows it will soon become commonplace to bun-dle communications add-ons Modems come in a number of shapes and sizes and are get-

ting faster, smarter and cheaper. Some, usually based on proprietary designs, fit inside the machine but external modems - including some which fit into PCMCIA card slots - usually offer faster transmission speeds together with sophisticated data compression and error correction features. Most also provide the facility to send and receive faxes direct from the screen.

Currently most portable modems, including PCMCIA card modems, are designed to be plugged into a wall telephone socket. However, wireless modems have begun to appear which work either with existing analogue cellular mobile telephone services or cated digital mobile packetswitched data networks such claimed at least some of their as the Ram Mobile Data network in the IIK.

These modems represent the ultimate in nortability since they allow mobile computer users to transmit or receive data and faxes from virtually anywhere. Eventually, however, there may be no need for modems at all since, at least in theory, it should be possible to plug a digital device, including portable computers, directly into the next generation of mobile telephones operating on digital cellular networks such as the GSM networks in

Europe. Eventually, the continued convergence of telephone and computer technologies is expected to lead to multi-purpose handheld digital devices which will combine the functions of data processing and voice and data telecommunica-

Sales of the first generation of so-called personal digital assistants, such as Apple's Newton, did not live up to expectations, largely because they lacked sophisticated wireless telecommunications facili-

According to Dataquest, the European market for handheld computers, including pen-based machines, actually declined from an estimated 401,000 units in 1992 to 283,000

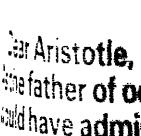
last year.
"For the future we predict that familiar keyboard-driven handhelds will comfortably outsell pen handhelds, but these will most likely be hybrid machines using a pen for drawing and pointing, and the keyboard for text entry," says Mr Goldberg.

Dataquest argues that wider acceptance of handheld PCs is highly dependent on the availability of ubiquitous and cheap connectivity in particular wireless networking, and on a rationalisation of the many competing platforms.

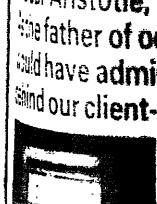




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# Systems fuel demand for space

Control of office software needs to be returned to computing professionals, says John Kavanagh

Lack of discipline a potential disaster

A square inch of magnetic disk space can accommodate as much information as 20 filing cabinets or more. But despite a rise in the use of electronic storage methods, less than 5 per cent of the world's business information is stored "on line" in a computer. "The rest is on microfilm, microfiche and plain old paper," says Paul Wolfstaetter, research analyst with the US Gartner group,

retrieve data from cabinets and they take

up space.

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The demand for electronic storage is growing rapidly - at a rate of 40-50 per cent a year and this is expected to continue. The UK data storage market alone is likely to be worth more than \$400m this year, rising to about \$700m by 1997. according to Dataquest, the research

Demand is being fuelled by the greater use of computer-based office systems, the onset of multimedia applications, networks linking computers to telephone lines and an increasing use of software programs that eat up storage space.

hard disk would have been enough for most people's needs," says Trevor Duplock of Micropolis, the US disk drive manufacturer. "Today, with the availability of soft-ware such as Windows NT which requires 100Mb of disk space, the typical user needs

much more space." The market's voracious appetite is forcing average disk and disk drive capacities ever unwards. According to a recent study\* by Disk Trend Report, the US analyst, demand for 100-200 megabyte disk drives, which led the market in 1993, will plummet by 50 per cent this year in favour of 200-300m megabyte drives.

By 1995, 300-500Mb drives will lead the market. The study expects growth in sales of hard disk drives for personal computers, workstations and network file servers to boost global revenues to about \$33bn by

1997. Manufacturers, meanwhile, are responding by providing smaller disks with ever-increasing capacities.

But as demand rises, the price per megabyte of storage is expected to continue to

fall and storage options to increase. The way an organisation chooses to store data depends on four main factors. How much information needs to be stored; how quickly access is needed; whether the data needs to be processed; and the cost

per byte of information. There are two main options. Magnetic disks dominate the storage market because they are rewritable, while optical disks are usually not. Magneto-optical disks, which form only a tiny portion of the market, are rewritable, but the cost of equipment is relatively high and retrieval however, is low.

Most PCs are fitted with rewritable magnetic hard disks as well as floppy disk drives for portable data storage. A high proportion of new PCs are also now equipped with a CD-Rom (read only memory) drive for multimedia applications. The CD-Rom has become a popular medium for software distribution because it is relatively cheap, easy to handle, and capable of storing large amounts of data, voice and images

new generation of storage devices that adhere to PCMCIA (Personal that adhere to PCMCIA (Personal Computer Memory Card Interna-tional Association) standards is also beginning to take hold. These devices, often called memory cards because they are not much bigger than a credit card, incorpovide data storage capacity approaching

Prices of PCMCIA cards are coming down as the cards become more popular and manufacturing volumes increase. The advantage of memory cards is that they are rugged, light weight and portable. This makes them particularly well suited to notebook PCs and hand-held computing

In the mainframe and mid-range computer arena, another acronym that is becoming better-known in the market is Raid - redundant array of inexpensive disks. Standard, smaller disk drives are stacked together to give the sort of storage capacity offered by a single, more expen-

Linked in an array, they take large amounts of data and access times are rela-EMC, StorageTek, IBM and Micropolis, say

Computing staff in the UK

they offer greater security because the failure of one, large disk means much more is lost than if one smaller disk in an array

At the same time, as manufacturers are fitting more data on to smaller disks, their price is falling, making it cheaper to make back-ups to store precious data on disks off site. "The risk for the user is in a single, expensive disk. If I can buy two small disks with the same dollar and each with the same capacity, then I buy the two and use one to copy and store it," says Mr Wolfstaetter.

For now, magnetic hard disks will continue to dominate, says Mr Wolfstaetter. "Magnetic disks have almost pushed optical disks out of the picture." But he believes the medium of the future will be holographic crystal.

Scientists at Stanford University have recently developed a fully automated digital holographic data storage system with a data capacity of 163,000 bytes, "By the turn of the decade we will have holographic recording and we'll be looking at capacities of one terabyte (1,000 gigabytes) in a cubic centimetre."

Rigid Disk Drives, 1994, Disk/Trend Report, US. Tel: 415 969 2560.

taff at entertainment group Polygram Interna-tional must either use Wordperfect and Lotus 1-2-3 or be denied access to company networks and even face a repri-

This is the company's way of dealing with an issue which is increasingly gaining attention as organisations seek to adjust the balance between end-user software freedom and the central control of standards, con-

tracts, support and costs. Office computing is now "generally out of control", says Robin Bloor, head of the research firm Butlerbloor, who has just produced a report\* on corporate strategy for office systems. He identifies some

First, traditional computing departments do not understand office computing and are not used to supporting distributed systems. Meanwhile, business departments often include PC enthusiasts who think they know more than they do and interfere with attempts to

introduce controls. As business users gain budgetary and operational independence from the computing department, control of computing resources becomes a politi-

A new type of conflict is therefore emerging between computing departments and their end-users. In the past, husiness people complained that requests for new software

the software piracy is by end-users who do not realise they PCs running spreadsheet soft-ware gave them a taste of freedom but the falling cost of softare doing anything wrong. ware packages and growing Other research suggests that familiarity with PCs mean they lack of training means that

only 5 or 10 per cent of the facilities of office software and illegally copying software products which are not supproducts are exploited. Studies of spreadsheet softported or approved of by the central computing unit. ware users have shown that "In some offices we have they are in fact programmers seen a lack of discipline which almost beggars belief," Mr without programming training: one survey by accountancy Bloor says. "The horror stories and consultancy firm Coopers include no back-up, virus infes-& Lybrand found that 90 per tations, the spread of illicitly cent of spreadsheets had errors

> 'A major problem is that few organisations have defined sensible boundaries and responsibilities,' Mr Bloor says

results.

unaudited software development, not to mention the purchase of non-standard hardware and software."

copied games, a complete lack of training, undeclared and

are now moving on to buying

Such findings support claims by the Federation Against Software Theft that half the office software used in the UK is illegally copied. This costs jobs in the software industry and stifles innovation by cutting development budgets, the federation says. More than half

Action is needed because, as Mr Bloor puts it, "the end-user is truly in the ascendancy". The office PC is now used for most writing and calculating soon it will be the standard for all data storage and communi-

of more than 5 per cent in their

cation too, he says. Growth of workgroup computing and of client-server systems is also complicating both local office systems and corporate applications which

combine local and central pro-

cessing and data storage. "A major problem is that few organisations have defined sensible boundaries and responsibilities," Mr Bloor says. "It requires senior management intervention to exert control where it has been lost; it also requires the formulation of appropriate corporate standards for both user departments and computing depart-

ments to apply."
He believes the computing department must concede control and ownership of office systems to the users. "What is needed is a partnership between users and the computing department which allows users' enthusiasm and energy to be capitalised on and properly channelled." This partnership must give

software purchasing back to the centre, Mr Bloor says. This will not only produce the biggest discounts but also ensure that there are corporate standards, bringing savings in support and training.

The computing specialists must be allowed to instil the discipline of software and data back-up and security in end-users and hammer home the



Bloor: office computing is now "generally out of control

importance of avoiding software piracy. If users are allowed to develop their own software. using spreadsheets or the increasing number of apparently (but not really) simple development products appear-

ing on the market, the comput-

port, according to Philip Virgo, head of IT Strategy Services,

ing department must be allowed the final say on testing and quality. Such proposals highlight the changing nature of the computing department and the need to rethink software sup-

who produces an annual study of skills trends. He says companies need to review their computing department structures and recruitment policies in the light of the "fundamental change" in the nature of the computing community.

In IT departments

Managers Systems analysis Analyst-programs

Systems prog Network staff

Outside IT depts

User support

Growth in the use of office software means that a new computing staff category that of user support - has appeared from nowhere in the past five years.

He believes most growth in employment in computing will be in user support - and that office software users them-

30,000 35,000 48,000 43,000 54,000 20,000 19,000 18,000 10,000 41.000 >200 290,000 245,000 50,000

% change

1994

traditionally involved taking on graduates as technicians and promoting them to systems analysts. But today's need is especially for business analysts and user support peo-

selves could fill these jobs.

Mr Virgo says recruitment

"Secretarial and admin staff are now often in charge of routine computing in user departments," Mr Virgo says.

"Where computing is critical, the staff increasingly report to a user manager with solid computing experience, typically gained from a posting to the

computer department for a systems project

He argues that such trends mean the demand for computing skills, especially in user support, could be met increasingly by retraining users.

Mr Bloor agrees that office staff are becoming their own software support specialists: he says more than 80 per cent of end-user support is done "unofficially" by end-users who are supposed to be doing other

This work is not budgeted for. As a result, "the cost of providing support is out of control in many large companies". Mr Bloor, however, tends to feel that support should be the responsibility of central computing professionals rather

than retrained secretaries. Whatever the finer points here, companies must either promote the partnerships between user and computing departments that Mr Bloor talks about or sooner or later face the "horror stories" he uncovered. For people will increasingly use information technology to develop their own working environments, drawing together different

pieces of software. "Ultimately, end-users will all become developers of a kind," he says. "The trouble is. the typical end-user is blissfully unaware of sensible com-

puting disciplines."

The Butlerbloor report, Corporate Strategy: the Desktop, is available on 0908 373311.

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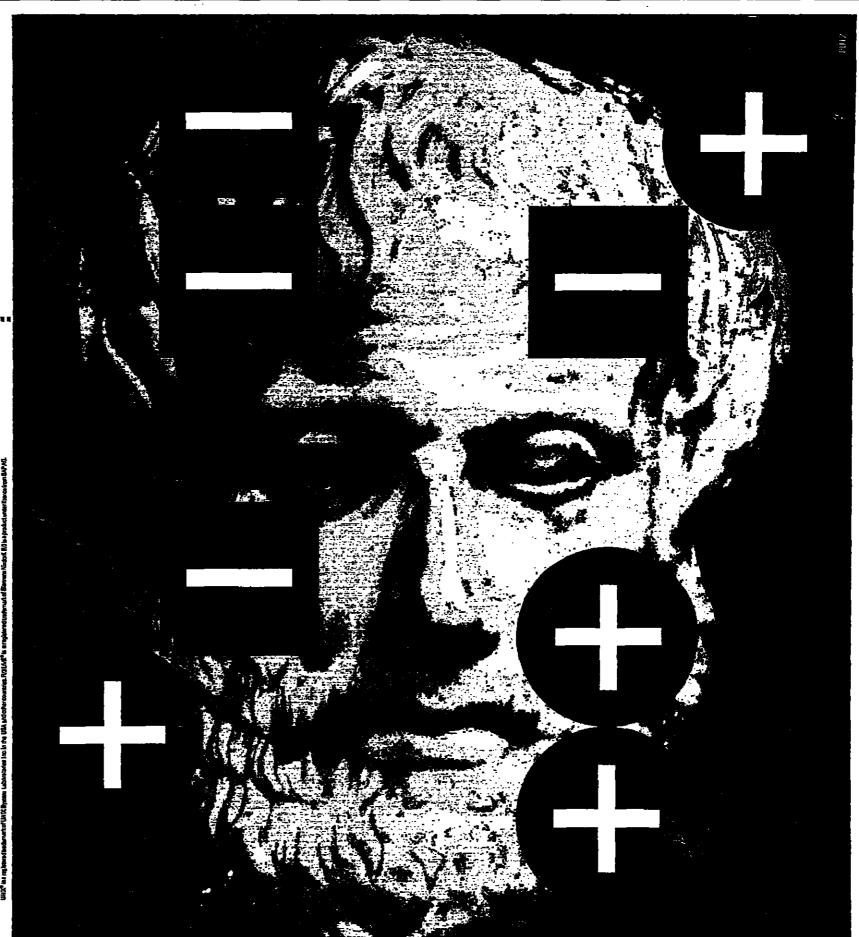
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## A definition of highly available computing:

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"The use of redundant components in conjunction with appropriate fail-over and restart mechanisms in both hardware and software to permit event notification of failure conditions coupled with application and/or database checkpointing and rollback/recover algorithms, thus establishing reasonable assurance within predicted norms that a combination of redundancies will allow a confidence factor to exist and that mean time to repair shall be a small enough variable in conjunction with simultaneous mean time between failure of the aforementioned redundant components that the overall system availability will be significantly above normal performance." ~ The competition

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The Common Sense Connection.\*\*

Data General
Bringing Common Sense to Computing

Mearing

he paperless office has been an enticing image since the invention of word processing a few decades ago. The promise was that it would improve efficiency and profitability by doing away with document duplication, lost invoices and desktop paper

But most of business information is still on paper.

"At least 80 per cent of infor-mation is in paper form and that's not going to change in a hurry," says Andrea Wharton, research director of Wharton Information Systems in the UK. "Computers might communicate with each other, the buffs are communicating on the Internet, but for the majority of us, we'll still be using paper for at least another five

The human attachment to paper is only partly to blame. For many small companies, it may not yet be worth the relatively high cost of investment in document imaging systems, and for larger organisations, the move from paper is still a "big conceptual leap", says Ms

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But the move away from paper has started and it is speeding up. The financial services sector continues to be the biggest user of document management systems, followed by the oil and chemicals sector and government bodies. Electronic document processing and management is one of the fastest-growing sectors in

In its latest survey of buying intentions\*, International Data Corporation, the US information technology analyst, predicts that more than a third of companies and organisations will buy document manage-

ment systems this year. The survey, of 300 US-based companies and organisations, indicates that government bodies are catching up with the financial sector as the biggest buyers. And while companies are becoming more demanding as the industry matures, more than 60 per cent of current users say that logging paper in and out of their document management systems is already saving them time. In a UK survey\*\* by Wharton inforDocument management lacks an umbrella system, says Sheila Jones

## Looking for a super glue

mation Systems, more than a building block into their own organisations, the choice can two-thirds of current users said systems. they planned more spending in the coming year.

But while there is a wide choice of software for specific applications, such as accounting and loans procedures, the his gan in the market according to the Wharton report, is in comprehensive systems that can be used across organisa tions regardless of the type of information or where it is

"At the heart of future systems there will have to be a product that can track and manage all the files in an organisation, no matter where they reside and no matter what data type they are - voice messages, images, text files, data file." In addition, users will need the "most flexible type of retrieval possible". At the moment, organisations are "using bits of the ultimate solution, usually the bits that they perceive as having the most immediate impact on their organisation".

he report predicts that by the middle of this decade, the point will have been reached where the disparate elements of document management will have to be brought together in an umbrella system. "It is unlikely that any single organ-isation will be able to provide that umbrella system plus all of the elements that operate underneath it. If modern networking systems such as Novell Netware can be viewed as a sort of organisational glue...then what we are looking for in document management terms is a super

Organisations currently moving towards providing such a give include interleaf, Saros, Soft Solutions and Excalibur, whose pattern recognition technology is already being used by other vendors as

Manufacturers have added a number of new

features to photocopiers, says Julie Harnett

Nearing a digital era

Both the Wharton and IDC studies point to trends already under way that could lead towards a unified solution, helping buyers to find products that will easily integrate with their existing systems and that will look after all their processing needs. IDC says alliances are being formed that will create standards to make document management possible across disparate systems.

"The first of these efforts is the Shamrock consortium, initiated by Saros and IBM, and joined by document managers, user corporations and infrastructure vendors such as Microsoft, Interleaf, Hewlett-Packard, Adobe and Frame." The Wharton report, rock, while seeking an umbrella system, also intends to preclude development of incompatible and counter-productive system

"While we...applaud any action that helps to set standards...we are rather more concerned about the idea of working to 'preclude incompa ible and counter-productive' standards," says the report. "Who is to be the arbiter?" Such statements, it adds "are more than a little worrying, especially when such large organisations ... as IBM, Hewlett-Packard and Microsoft are members of the coalition".

The Shamrock alliance ha promised to produce integrated architecture that will bring together enterprise library ser vices, document communication and generation with bustness process applications. A first version of the full system is due to be unveiled early next

In the meantime, choosing a document management system continues to be difficult, especially for smaller companies that cannot afford to employ a point in the industry's development when the central component for successful document management may be still

In the UK, according to the Wharton report, Keyfile led the market last year among suppliers of software packages, most

Canofile still dominates in turnkey systems costing less than £50,000, according to Wharton, which identifies no clear leader among vendors of client/server systems costing more than £50,000, with the market shared by Filenet, Olivetti, Wang, ICL and Trimco. Cimage, Intergraph and Trimco, lead in large format

systems, which the industry is targeting the oil and utilities

Advice on buying new systems can be sought from industry bodies, such as the UK Association of Information and Image Management (UK Aim). There are also specialist books on the market such as the Document Management Yearbook, along with a raft of specialist magazines

The 1994 Document Management User Awareness and Buyment Management Market Review, International Data Corporation, US. Tel: 508 872 8200.
\*\* Document Management – the Next Steps. Wharton Informa-Aim). Tel: 81 891 6197.



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date, the analogue photocopier market is alive and well and still growing, albeit at a more modest rate than in previous According to Jacqueline Hen-

driks, document management industry analyst at Dataquest, the market increased by about 7 per cent in 1993, with 1.15m photocopiers shipped in western Europe and the UK accounting for 135,400 unit olacements.

However, while manufacturers are still investing heavily in the technology, with the main R&D focus being on higher reliability and productivity with greater ease of use, the industry is working steadily, if quietly and cau-tiously, towards the digital era. Oce van der Grinten, Europe's one remaining indigenous copier manufacturer acclaimed for its "clean and green" high volume analogue machines, has intimated that 1996 will mark the end of the line for further development of analogue machines, with all R&D investment from then being devoted to digital tech-

It is not as bold a step as it may sound. As part of a European office automation initiative in the 1980s, Oce hosted the first ever demonstration of digital copier-printer technology with connectivity support across multiple computer plat-

But the investment required to turn it into a commercial product line was not sustainput on the back burner to



await a more digitally aware

marketolace. Developments across the copier industry over the past few years should make the copier-based printer (as distinct from the printer that has a multiple copy function) the preferred choice for organisa-tions looking for a directly connected output device that can produce multiple documents

sets, in colour or black and white, finished ready for distribution. State-of-the art attributes that should appeal to the computer print world include:

Multiple copy speeds of up to 100 pages per minute;

• 100 per cent operation at

full rated engine speed for

every process, including dou-ble-sided copying, from image input to sorting and stapling,

Robust paper feeding
systems that minimise the risk of paper Jams;

Longer lasting components that are more environmental

friendly; and • Graphical displays with touch-screen controls.

Epitomising the latest trends, the Minolta CS Pro (Customer Satisfaction through increased Productivity) Series is claimed to be 250 per cent more reliable than existing machines, with a CPU Watchdog facility which monitors each operation (feeding duplex, sorting, stapling).

Continued on page

The HP E25 UNIX Server matches the price of a comparable PC server - but which PC server can match the big system power and scalability of a UNIX server? Or offer the sheer robustness of UNIX networking!

HP is the acknowledged leader in commercial RISC/UNIX systems! 12 years ago, HP introduced the PA-RISC chip. Today's seventh generation PA-7100LC RISC chip features

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Low cost and high reliability make the E25 ideal for use as replicated servers. And they can be up-and-running fast. HP will load the system software and configure system resources, if you wish, before delivery. And software sold with the servers enables them to be monitored and managed remotely. So your systems administrator can be

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## Faster fax transmission helps cut the telephone bill

mits a page of text in two seconds instead of 11. After all, the seven seconds makes little difference to most people.

But fax machine vendors believe that speed is important, even if most of their customers do not realise it. Superfast fax machines, transmitting a page of A4 in just that amount of time are expected next year from manufacturers such as NEC.

With prices predicted to be about £3,000, they will be competitive against today's heavy-duty, top-of-the range

The real benefit lies in the potential for savings on tele-communications costs. The two-second transmission time means that three to five pages can be transmitted in the same time as one today. Most installed fax machines transmit at 9.6 kilobits per second, averaging 9-11 seconds per page. The fastest machines transmit at 14.4 kilobits per second, which average six sec-

onds per page.

Businesses which regularly use fax for long documents such as contracts, will notice a large reduction in the overall transmission times. If they are paying high international call charges, that reduction should translate into a lower telephone bill.

The new machines will conform to the Group 3 technical standard for fax - the most common type of fax machine used by businesses today. They will operate over ISDN lines at 64 kilobits per second.

Similar transmission times are already possible on digital fax machines – available from manufacturers such as Canon and Ricoh. Digital fax. also known as Group 4 fax, has been available for several

But it has not proved popular, with less than 1,000 sales a year throughout Europe, according to figures from the industry consultancy BIS Stra-

tegic Decisions. The reason is not that users

One might wonder why it doubt the benefit of the higher the machine will be made matters if a fax machine trans- speed. It has more to do with easier using the new touch speed. It has more to do with technical standards. Group 4 ogue Group 3 faxes. This eans that it can only transmit to another Group 4

> Usually, Group 4 machines are sold in pairs, for a specific purpose. For example, a law firm with offices in the US and

Ricoh's Chris Wills says the cost can be justified by comparing the cost of a 1.5-second transmission time with the

Group 3 aver-Next year's fax seconds machines will look international different and in many rates. call cases will do much more

out a payback than just faxing months rather than years," Mr Wills explains. But BIS consultant Bruce Clements, believes the super-

fast Group 3 machines will be a better option than Group 4 because they can talk to any Group 3 fax - they adjust the transmission speed where there is a slower fax at the He points out that 1.9m fax

machines were sold in western Europe in 1993. "It is a question of the installed base. The whole point of fax is that you can talk to someone else," said But speed is not the only

area of change for fax technology. Next year's fax machines will look different, and in many cases will do much more than faxing. Ricoh's IFS 66, which is now under development, will incorporate PC-fax and electronic mail facilities. It will also function as a printer and a document scan-

The new "intelligent fax" will allow people to receive faxed information, add to it and then send it on to someone else as electronic mail. It will also hold individual phone books for people, which will be able to store regular fax destinations.

Programming numbers into

easier using the new touch screen controls - a graphic user interface with computerstyle screen icons. To send to regular destinations, people will access their phone book, highlight the number and

The product derives from a development led by software company Microsoft. Called Microsoft At Work, it aims to produce a common means for connecting disparate pieces of office equipment, including printers, scanners and copiers

as well as fax machines. Today, all products are proprietary them together is difficult.

Other fax manufacturers working with Microsoft include NEC, Canon,

The At Work interface will mean that fax machines can be attached to local area networks, and use them to control incoming and outgoing communications. It should also be possible to use fax machines as linking equipment between two different local area networks such as Banyan Vines and Novell Netware. At Work products will become an alternative to the PC-fax and Lan-fax packages currently available, such as Delrina Winfax and Gamma

Some industry observers question the need for At Work when these other products already exist. But At Work proponents claim that many businesses are familiar with fax, but have difficulty understanding computer communications. Providing them with a means of linking the fax machine to a computer network, is a more acceptable

solution, they say. Paul Gibson, sales director at Oki Systems said "technofear" stops many businesses from buying PC-fax products. The At Work products provide "the best of both worlds. And

you don't need to know how it works", he said.

uct to the At Work concept, which integrates fax with a printing and copying functions under the control of a PC, for

just below £3,000. Ricoh's Chris Jobling points out that the At Work concep more closely integrates the computer system with the fax. than the traditional PC-fax products. The At Work concept incorporates the stand-alone fax, with the PC-fax, the Email, the printer and the scanner, he says. To get the same functionality without it. would mean exiting one application and going into another. The operation would not be as

smooth. NEC's forthcoming Nefax-MFD, also based on the At Work interface, will enable the fax machine to be used as an optical filing system, by attaching an optical disk

It will also have extra secu-rity via an electronic signature. The signature effectively seals a document so that it cannot be tampered with. It can also be used to generate an audit trail, showing where the fax had been and who had

The At Work project is also expected to design a standard screen interface for faxes and other equipment. Screen-based fax controls should mean that the machines are easier to use than today's unfriendly machines which provide no

However, industry observers warn that At Work concept has yet to be proven. "Just because you develop something, doesn't mean that it will be taken up," said Lester Davis, of the British Facimile Industry Consultative Commit-

There is further concern that the development is being led by a single software vendor. The fax industry traditionally has developed technical standards by consultation, and by mutual agreement on a common approach.

Printer sales show a continued appetite for paper, says Julie Harnett

# Documents not yet dead

business, but our appetite for documentation is apparently insatiable. Multimedia commu nications and electronic data storage may be growth markets, but the paperless office is clearly as far away as ever.

Almost 9m printers were sold in Europe in 1993, an increase of 8 per cent on the year, according to Matthew Checkley, printer market analyst at market research com-pany BIS Strategic Decisions. Some 4m of those units were inkjet printers (most designed for personal use), 1.5m more than in 1992.

The survival of a mass dot matrix market appears doorned. Just under 3m dot matrix printers were shipped in 1993, 1.3m fewer than in 1992. Indeed, Mr Checkley fore casts that by 1998, the dot matrix market will be reduced to a niche sector with just 5 per cent of total printer sales for applications such as high

volume multi-part stationery. But while the Star Micronics factory in Wrexham has collapsed under the strain, other dot matrix suppliers are opti-

Rod Saar, managing director at Mannesmann Tally believes dot matrix will still represent 20 per cent of the total printer market by 1998.

Eddie Huggins, director of marketing at Citizen, agrees, claiming sales of the ABC Colour dot matrix printer, at 30 per cent above market expectations, proves that it is still a viable technology in the SoHo (small office/home office) market where an occasional colour capability at low cost is a

However, inkjet is clearly the technology for the masses. According to Romtec, the total UK printer market in 1993 was worth £740m of which inkjet printers commanded a 23.6 per cent share by value, 36 per cent by units. Of that market, Canon claimed a 41 per cent share in value, 52 per cent by

All four manufacturers of core inkjet technology (Canon, Epson, Hewlett Packard and, more recently, Olivetti), hope to benefit from the trend towards colour capable inkjet printing, with Mr Checkley of BIS projecting sales of 6m such units per year by 1998.

The potential revenues appeal to Amstrad. Just three was no money in computer peripherals and the only thing to do with existing stocks was to "throw them in the River Thames", Amstrad boss Alan

More than 1m laser/LED printers were sold in 1993 and volumes are expected to increase significantly

Sugar announced a collaborative agreement with Jarfalla ICC, ABB, a manufacturer part owned by IBM, to produce a "a landmark" product in compact. low cost, high quality inkjet

printer technology.

Both Mr Checkley of BIS and Graham Salmons of Printer Europe, Dataquest point to the rise in the sales of laser/LED printer as an indication that the days of mono (black only) inkjet are numbered.

More than 1m laser/LED printers were sold during 1993 and volumes are expected to increase significantly over the next year or two with the advent of Windows GDI (Graphical Device Interface)

Mannesmann Tally T-Win. date is the Lexmark WinWriter 600 (DPI) launched earlier this The advantages of GDI technology are that it is easier to year. With no competitors to help drive the market, it could use, has faster PC-to-print probe something of a hollow victory, although 1995 might WYP (What you See is What change all that.

Development activity in the You Printer). It also avoids the need for a complex built-in

NEC was the first to intro-

duce a GDI printer and it now

hopes to set the printer world

alight with the second genera-

tion series of SuperScript print-ers bringing GDI advantages to

network applications. NEC is

not alone, with others, includ-

ing Brother, hard on its heels.

low end personal page printer market could affect the posi-

tions of the market leaders.

For now though, according to

BIS Strategic Decisions, Hew-lett Packard continues to domi-

nate this sector with a 51 per

cent share (up from 39 per cent

in 1992), its nearest rival being

Oki with 7 per cent (up from 6

A long-promised Microsoft at

Work concept, it is said, will

provide users with a common

per cent in 1992).

The frenetic activity in the

networked printer market is printer control language and a just as heady, and no wonder. control panel; hence the low

Xerox 4850 highlight colour copier. Rank Xerox pradicts sales 50 per cent ahead of target by the year's end

Industry analysts point to the advantageous features of developments such as IBM's strategic architecture

According to Dataquest, by 1997 more than 70 per cent of European PCs will be connected to Lans, resulting in a tripling of network printers within the next five years.

Canon, which has produced 10m laser beam print engines (70 per cent of the total) in the past 10 years, is targeting small groups with the LPB-4i, a 4 ppm Windows printer priced at the same level as a high specification inkjet. The price per user is almost at dot matrix levels.

graphical interface for click-on As individuals increasingly access to any function includrun different applications simultaneously, network print-Although there are about 75 ers from suppliers such as companies involved, the only evidence of developments to ing Systems and QMS have

been obliged to introduce stateof-the-art simultaneous pro-

essing of multiple jobs. At the high volume end of the market, industry analysts such as the GartnerGroup, point to the advantageous features of IBM's strategic archi-

tecture (AFP). Information from any source in any form - plain text, graphics, images, bar codes or forms with small print - can be printed out on any printer. Rank Xerox meanwhile has launched a range of network printers featuring intuitive software, called Document Services for Printing. As well as allowing systems administra-

departments, it enables users to search the network for the printer that best suits the needs of the lob at the time. The advance of colour printing in the general office is also gathering pace, with thermal transfer technology the main

tors to track usage and gener-

ate charge-backs and account-

ing reports for specific

Several product launches over the past few weeks, plus some aggressive price reductions of anything up to 50 per cent on existing machines. show that manufacturers such as Kodak, Mitsubishi and Tektronix believe it is a market worth fighting for.

But most industry analysts look to laser as the colour technology of the future. BIS Strategic Decisions forecast this than colour copiers, with unit sales rising from 130 units in 1992 to 32.500 in 1997.

It could be higher if the QMS ColourScript Laser 1000 and the Oce 6460 desktop machines are joined by lower cost units from other suppliers.

In September, two months after launching the 4900 colour laser printer, Rank Xerox was predicting that sales would be 50 per cent ahead of target by the end of the year, with distributors already ordering over and above original schedules.

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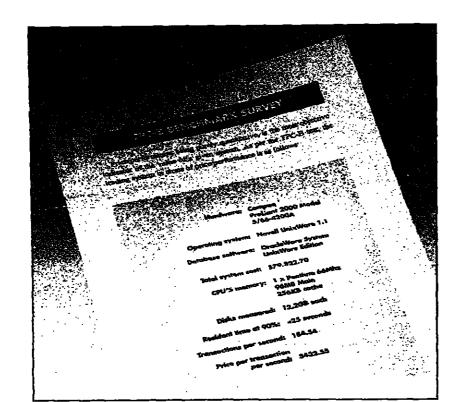
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The market should be in full swing next year when Hewlett Packard launches its Colour LaserJet in the UK. Already available in the US and Canada, it is interesting to note the use of a Konica colour laser

Nicky Ayres, responsible for network printer marketing at Hewlett Packard in the UK said that the engine has "excel-lent colour registration with one-pass (higher speed) print-

Such developments mean that 1995 could become an even more interesting year for the printer industry than 1994

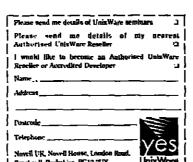


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really is only one other list that the price-



國NOVELL The Past, Present and Future of Network Computing

#### New era for photocopiers separates each sheet of copy

tal standards.

ing copying and fax.

Continued from page 5 If a fault develops, the function concerned is isolated so that other copier functions can continue to be used as normal. Higher productivity innovations include:

 More logical left to right feeding of originals and two-way remote diagnostics facility (Minolta);

 A zoom area indicator which tells the user which area of the original will be copied, plus a new print engine which only requires servicing once every 100,000 copies (Toshiba);

 An I-ADF (inverting automatic document feeder) which automatically counts, feeds. copies and returns up to 50 Developments from Ricoh

include an auto tandem paper tray with automatic switching for continuous operation; a dual feeder which allows one job to be started as another is being completed; a 360,000-copy organic drum; and auto sensing of operator presence which automatically activates the touch-screen LCD control

At Sharp, the main focus is on high volume copying with feed system which lifts and paper for trouble-free operation; while at Konica a low-volume copier has a clam-shell design which opens from the back rather than the side to give service engineers easier access, plus cross-range compliance with the more stringent Blue Angel II environmen-

Most manufacturers with digital products in the wings, including Infotec, Konica, Lanier, Minolta and Ricoh, say that the bid for a share of the copier-printer market will begin in earnest in 1995. The only question is, how digital will be the products. Clever tricks offering

advanced image manipulation such as 999 per cent zoom reduction and enlargement may be a talking point, but they are hardly practical features likely to win over users on a general office computer network. More useful is easy access to

the document production facilities and transparent connectivity with good software. "Digital copiers like the AR-

5040 will challenge the way companies think about the role of the copier in the document production process," says David Naylor, general manager for copiers and fax at Sharp

"Features such as duplex (double sided) scanning, mailmerge, anamorphic zoom and even booklet production, combined with a SCSI interface. will bring a new level of document finishing at the workgroup level previously only available on much large, high volume copiers".

Industry analysts such as Jacqueline Hendriks of Dataquest point to the Canon GP55 which can now be delivered with a computer interface that turns it from an expensive copier into a high speed (30 pages per minute) network laser printer/copier complete with A3, duplex, sorting and stapling capabilities.

Unlike commercial concerns, educational establishments have already embraced the concept of the digital copyprinter, in the form of the upgradeable electronic duplicator from suppliers such as Alcatel, Gestetner, Infotec, Ricoh and Riso.

Offering speeds up to 130 copies per minute, a high 400 DPI resolution and cost per copy of less then 1p in multicopy mode, 40 per cent of purchasers say the cost-justification of paying a higher price for a copying facility was the 1993".

ability to upgrade it to digital copier-printer at a later date to allow direct input from a personal computer.

The future of digital colour copying for general office applications is not quite so certain, however.

Buyers know that access to such a facility would enable them to produce more eyecatching presentations and improve their chances of winning new business, but the catalyst of change is usually cost

savings. Nevertheless, the 1994 Kodak Office Imaging survey found that more than a quarter of organisations in the UK use spot colour for 10-30 per cent of document colour compared with just 6 per cent a year ago. Moreover, 50 per cent of companies reported that 10 per cent of their total document output was colour compared with one in 10 companies in

Yet, according to Roger Riseley of InfoQuest, a new market research organisation, just 1,300 colour units were sold last year, with only the Canon CLC 10 selling in anything like "real numbers, though far less than in 1992". Partly responsible for the decline, he suggests, was the arrival of the Xerox Majestik which "was beginning to walk away with the colour market towards the end of

#### TECHNOLOGY IN THE OFFICE

Mobile phones

## **Cutting the** cost of calling

Hollywood would have us analogue systems. believe that mobile phones are the answer to life. In between the bullets, Keanu Reeves, hero of the high-adrenalin movie "Speed" spends hours on a mobile. In Harrison Ford's in "Clear and Present Danger", mobile phones are used to run a covert mission.

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Reality soons parts from fantasy. Mr Reeves' mobile bat-teries never seem to wear out. And Harrison Ford is not seen paying any phone bills. But for the company whose phones aren't running on charisma, paying the bill is a costly busi-

One way of keeping costs down when phoning the office rather is to link the office PABX (switchboard) directly to a mobile phone network. Even if a company has only five heavy mobile phone users calling the office regularly,

this approach can ent costs by

up to 45 per cent, according to Mike Short, a spokesman for cellular network operator Cell-To get these savings, a company must rent a telecoms line of up to 30km from Mercury or BT and sign up for Cellnet's

Call Access service or Vodafone's Vodanet. The leased line will link the PABX to a switching centre (or a radio base station), which is part of the mobile phone network. The centre

will switch calls between the PABX and the cellular net-Most early customers feel they get value for Call Access

and Vodanet

can cut the

cost of calls to

on hotel phone bills and from the office because these calls don't have to travel

through the BT or Mercury network

Another advantage is that dialing and call set-up times Vodafone spokesman Mike

Caldwell says that when he wants to call another member of staff from his mobile, he simply dials a short code (91 colleague's extension number. The call does not have to be answered by the receptionist but goes straight to his col-

Incoming calls to staff who are out of the office can also he handled more conveniently. If they cannot be dealt with by someone who is in the office, they can be transferred to the mobile user - without the caller having to dial

another number. Vodanet and Call Access can be used with either analogue (traditional) mobile services or the newer GSM (Global System for Mobile) services.

wants to link its PABX to a mobile phone network, or simply use mobiles by themselves, it is better to opt for phones based on digital technology, such as GSM or PCN (Personal Communications Network) - a variant on GSM.

This is because digital technology has a number of advantages over analogue technol-

Clearer conversations. Digital technology cuts out back-ground noise on mobile phones just as it does on com-

pact discs. • Greater security. Digital signals are encrypted electronically before they are sent and this makes eavesdropping more difficult.

 Faster connection. Once the number has been dialed on a digital phone, the call will be connected immediately. On an analogue phone call set-up times are about six or seven

seconds. Reduced congestion. GSM networks can cope with eight times as much traffic as analogue systems. This reduces the possibility of congestion. PCN networks are also able to handle more traffic than can the

• Pan-European coverage GSM is becoming the standard for new European digital mobile phone services and has been adopted in many other parts of the world. Handsets bought in one country can be used to send and receive calls in another through so-called roaming agreements with national service providers. Very limited overseas roaming is also possible for users of

PCN services. Better transmission for mobile data. It is easier to transmit data over digital mobile phone networks than over their analogue counter-

Vodafone will be launching the UK's first GSM data communications service, Vodafone Data on 19 October.

Market researchers are pro dicting strong growth for digital mobile networks. Dataquest forecasts that there will be 8.31m GSM subscribers in Europe by 1996. High growth is also expected for UK PCN networks with Mercury's One2One gaining over 120,000 subscribers since its launch

last autumn. There are plenty of digital mobile phone services to choose from. In most Euronean countries including the UK there are two competing GSM networks, and in a few, PCN networks have also been licensed. The disadvantage is

that the hand sets cost more than those for analogue sermoney in terms of In the UK convenience and savings

the main sup-

networks are Vodafone (with two GSM tariffs: EuroDigital and MetroDigital) and Cellnet. Registration and monthly charges for using their GSM services are similar to those for their analogue services. But UK GSM handsets cost £100 more than equivalent analogue handsets and typically range from £200 to

the UK's two PCN networks: Mercury's One2One or Orange from Hutchison Telecom are also expensive. Whereas analogue phones can be had for as little as £49 and are sometimes given away free, PCN handsets usually cost between £149 and £299 depending on the model chosen. However, call charges tend to be lower for PCN than

for GSM. Handset prices are not likely to remain high for long. Diana Jones of service provider Mercary Communications Mobile Services, says: "By Christmas, GSM handsets should be the same price as high-quality analogue phones - ranging from £99 to £299."

One way of getting a cheaper GSM handset before then is to shop around in Europe. Charges for phones vary from country to country, and depending on whether they are bought with or without airtime. So it is worth

comparing prices. But if you plan to use your GSM phone outside the national network you register with, beware of the huge mark-ups on cross-border

calls. These can add an extra 30-45 per cent to GSM call charges, according to Bryan Van Dussen, a senior analyst at the

Yankee Group Europe. Despite high call charges when abroad and patchy coverage in some countries, most early customers feel they get value for money in terms of convenience and savings on

hotel phone bills. Of course, high handset and call charges do not worry Hollywood mobile users. As well as hijacking a car before giving chase, they now take the

Joia Shillingford

#### INDEX OF FT SURVEYS July 1992 - July 1994

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■ he market for office PABX's (switchboards) is growing so slowly that all the leading suppliers are scrambling to find new sources of revenue. Bryan Van Dussen, an analyst at the Yankee Group Europe, says the industry is almost dead, with only 2-3 per cent growth a year worldwide. However, two new technologies present opportunities for growth: wireless PABXs and multimedia (the convergence of sound, image,

text and computing). Wireless PABXs allow users to make and receive calls using cordless handsets. It makes no difference where abouts they are in the office, so long as they are within reach of a radio base station. One or more base stations will be connected to the office PARX, which links users to the fixed

The beauty of the technology is that companies do not need to throw out their old switchboard to use it. It is possible to buy an add-on device which plugs into a standard PABX and links it to one or more hase stations. It is also possible for fixedphone and cordless users to co-exist on the same switchboard.

phone network.

This is important because not all company workers need cordless handsets, and because ecuipping a cordless user will cost more. According to Mr Van Dussen, the average cost of connecting an office worker to a standard PABX is \$350 including the handset and infrastructure. The cost of equipping a cordless user is about three times more expensive at \$1,000, and it can be more if a lot of base stations

High prices help to explain why the wireless PABX market has been relatively slow to take off. Other inhibitors to growth include conflicting standards and a limited choice of

v the end of the decade, market analysts predict that up to a fifth of new office telecommunication nications equipment installed will be

"Wireless office equipment will grow from virtually nothing in 1993 to nearly 20 per cent of the market by the year 2000 while wireline-based PABXs (switchboards) and key systems dip correspondingly," said Frost & Sullivan, the US-based market research firm in a recent report.

Systems manufacturers such as GPT Communications Systems, a joint venture between Germany's Siemens group and Britain's GPT, tend pliers of GSM to be more cautious suggesting that cordless systems could take between 10 and 15 per cent of the market by the turn of the century. Either way, the projected growth of

cordless business communications systems is impressive - driven by falling hardware prices and the perceived benefits in terms of mobility, flexibility and productivity.

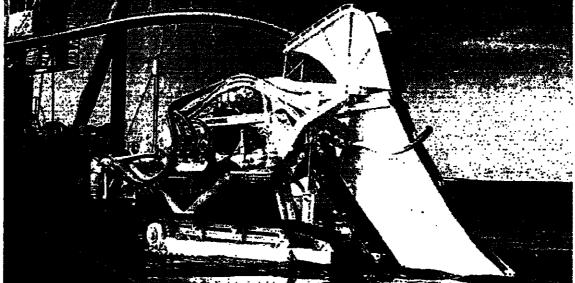
The Frost & Sullivan report predicted: "The wireless office will gain popularity as the price of systems include salespersons, top manage-ment, employees in distribution and manufacturing firms and healthcare

The popularity of cellular phones and the emergence of personal communications systems will stimulate use of wireless handsets for in-building use as users increasingly seek the same convenience they are used to outside the office inside buildings."

Basic cordless telephones have been available for use in the home since the early 1980s. Generally these systems include a portable handset which communicates by radio with a single fixed base-station which is then in turn connected to the public telephone network.

In recent years technical advances. particularly the switch from analogue to digital radio transmission, has greatly increased the scope of cordless as from an ordinary desk telephone.

and the second second



Joia Shillingford finds new openings in the switchboard market

## Widening the network

The development of desktop multimedia applications could also add lustre to the PABX industry. Two main multimedia applications involve the PABX, according to Mr Van Dussen.

Desktop video-conferencing and Collaborative whiteboarding. The first enables PC users to see a video image of the person they are talking to on the phone. The moving video image is displayed in a "win-

The second enables PC users in different places to look at the same image or text in a window on their

As with a real whiteboard, they can annotate the image, which could be anything from a diagram to a spreadsheet. Whiteboarding and desktop video-conferencing can be used either

separately or simultaneously. Because such applications are now possible, US computer companies such as Intel, Microsoft and Noveli

have started to become more interested in voice technology. This has led software companies such as Microsoft and Novell to try and set standards for the way PCs instruct PABXs. Each "standard" has its own supporters among computer compa-

Microsoft has defined Tapi (Telephony Applications Programming Interface) and Novell has come up with a rival definition, Tsapi (Tele-phony Services Applications Program-

ming Interface). Novell and Microsoft are each hoping that their standards will be used to develop CTI (Computer Telephony Integration) applications, where computers and PABXs work closely

Mr Van Dussen describes his dream CTI application as a computer database linked to a PABX. His phone would be answered automatically and calls routed according to the phone number of the caller (this will be possible when BT's calling line identification service is launched).

A software program would determine from the database whether the incoming call should be routed to his voice mailbox, his secretary or directly to him. In certain cases, it would just hang up on the caller.

Such call-routing applications are useful to telephone-sales centres. There is also demand for CTI in many other areas, for example order-taking, where phone orders go straight into a

The Yankee Group is positive about the opportunities for PABX suppliers to penetrate some of the new markets created by developments in wireless technology, multimedia and computer telephone integration.

It believes that Dect will grow rapidly as a wireless PABX application, rising from less than 0.1m lines installed in 1994 to more than 2.6m in

the year 2000. In addition, Cordless Dect-based phones, such as those sold by Siemens of Germany, could one day be used to bypass the local loop (such as BT's local phone network in the UK) and provide direct connection to long-distance carriers such as Mer-

cury. Joia Skillingford is Associate Editor of the Financial Times newsletter Busi-

ness Computing Brief

**Paul Taylor** on prospects for cordless business communications

## Wireless office beckons

office systems enabling high-capacity systems using multiple micro-cellular base stations and capable of serving hundreds or even thousands of business users to be constructed.

The first large-scale business cordless systems were launched in 1992. The advantages of cordless business telephone systems are fairly obvious. In particular, workers are no longer tied to the location of a particular hard-wired telephone extension and incoming calls have a much better chance of reaching their intended

urveys have shown that up to 70 per cent of all business calls fail to reach their target on the first attempt often leading to what has been dubbed "telephone tag". Cordless systems can reduce this call efficiency and customer satisfaction while cutting cost by removing the

need to return calls. Ericsson, the European telecommunications equipment manufacturer, claims that cordless business systems can save customers up to 30 per cent of their bills as a result.

Cordless systems can also save on the costs of rewiring and other configuration operations which can be around 10 per cent of the capital cost of the system for organisations running medium-sized or large PABX

In addition, as Multitone, the UKbased pager and cordless telephone system supplier, points out, cordless stems are extremely cost-effective to run once installed since there are no airtime charges, internal calls are free and external calls cost the same



Vodafone's GSM service allows data to be sent and received using a digital mobile phon

Multitone's CS500 system connects directly to a PABX and so no expensive changes need to be made to an existing hard-wired system and the same desk telephones and extension numbers can continue to be used. Recognising that many companies cannot justify the cost of covering a whole site with a cordless system, the CS500 also comes with paging soft-ware enabling handset users to roam

outside cordless coverage and still stay in touch. However, if cordless business systems are to flourish, there are several obstacles to overcome. In particular there are two main rival cordless

business system technology stan-

dards, CT2 (Cordless Telephony 2) and Dect (Digital European Cordless teleunications.)

CT2 was the first digital cordless technology to be developed in the UK during the 1980s and has been adopted as an interim European standard. It is the same technology used for Telepoint services in Europe and elsewhere.

GPT Communications Systems and Canada's Northern Telecom have been supplying cordless office systems which are based upon CT2 digital technology - BT also supplies re-badged Northern Telecom systems and Multitone's CS500 cordless system is supplied under an agreement

with Northern Telecom.

The Canadian group, which is also developing a Dect system for up to 1,000-users in conjunction with Olivetti, launched its Companion CT2 cordless business systems in Europe in March last year and has sold over 1,000 systems in 13 European countries and the Middle East since then and over 2,000 systems worldwide.

CT2's supporters claim that it is a proven and cost-effective technology ideally suited to small and mediumsized offices. CT2 handsets currently cost about a third of the price of their Dect rivals and are likely to retain a price advantage because of the adop-tion of the technology outside Europe for example, in the Far East.

The rival Dect standard is backed by ETSI (the European Telecoms Standards Institute) and was designed to solve the problem of providing cordless phones in high-density business environments such as offices.

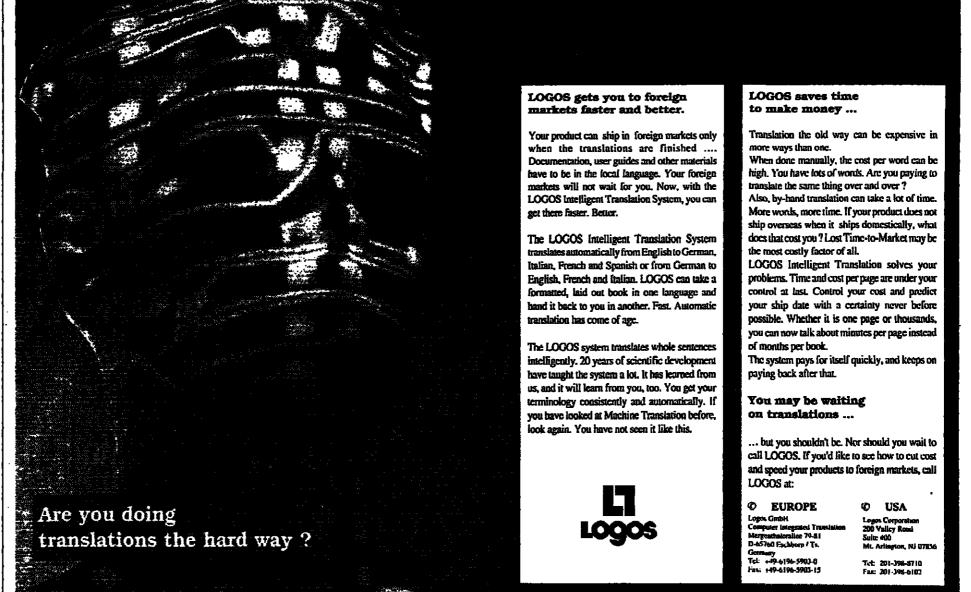
Five of Europe's largest telecommunications equipment suppliers -Alcatel, Ericsson, Nokia, Philips and Siemens - which between them represent nearly 70 per cent of the Euro-pean PABX market adopted the Dect standard in March 1993 and the first Dect systems begun to appear shortly

afterwards. Ericsson has been one of the most active promotors of Dect systems and launched its Freeset system in Europe last autumn although it has been selling similar systems outside Europe

for some time. Freeset systems have already been installed in manufacturing factories, hospitals and "offices of the future" such as Digital Equipment's futuristic

headquarters in Stockholm. In time, telecommunications strategists believe cordless office telecommunications systems will be inte-grated with other digital telecoms services including GSM (global system for mobile) and PCN services, and with wireless local area networks linking desktop computers, workstat-

ions and other devices.



inception five years ago.

"Anyone applying for a licence now would have to be crazy," was the reaction of one industry executive to the DTI decision to increase competition in a market where customers are today only a tenth of what was predicted three years ago.

The three existing operators - Ram Mobile Data, Cognito and Paknet - only have 5,000-10,000 customers between them compared to industry predictions in 1991 that a market of 100,000 would have developed by the end of this year.

The high aims were based on the assumption that mobile data would breach a huge market of business users. Any traveller away from the office, it was argued. would want to retrieve information from an office database or immediately input The future for mobile data is in niche applications, says Richard Handford

## Revitalising a stagnant market

rather than waiting to return to the office. Instead, it appears the future for mobile data is in developing a number of niche applications, although not all of them popular. For instance, Ram Mobile Data's terminals are used by traffic wardens in a number of London councils who issue a total of 5m parking tickets each year. The

about illegally parked vehicles far more efficiently this way than by using alternatives such as a cellular telephone. Other niche applications include emergency organisations such as the fire and ambulance services, parcel delivery com-

wardens can send and receive details

panies and Trafficmaster, the UK traffic two ways to revitalise a stagnant market. new subscribers. monitoring system which uses the Paknet network to relay signals containing infor-mation about traffic conditions collected from roadside monitors to the company's control centre

to carry the same information on to its subscribers in their cars. The radio-paging industry is casting around for new approaches to avoid being

The system then uses a paging network

superceded by cellular operators who are offering increasingly competitively-priced handsets and tariff packages.

Aside from initiatives such as Trafficmaster, paging operators are looking at

run up huge bills.

Joia Shillingford looks at the increasing use of messaging systems

One is to maintain paging's price advantage over cellular telephones by introducing new, cheaper tariff packages. The other is to make the pager a more sophisticated product that offers similar services

to a mobile data network. This autumn has seen the launch by BT and Mercury - two of the UK's four paging operators of a new kind of paging service

first developed in Sweden. The market certainly needs this kind of mitiative. In the past year the number of subscribers has grown by only about 780,000. Mercury estimates the new services will add between 100,000 and 200,000

The service, known as CPP or Calling Party Pays, is an attempt to widen the audience for paging services to include consumer as well as the business user.

CPP services eliminate one-off connection charges and monthly subscription leaving the user only having to pay the price of the pager.

The operator recoups the revenue lost on connection and rental charges by charging callers a premium price for leav-ing a message for the subscriber. Currently calls to pagers are billed at the standard local rate for calls.

BT has given its service an extra twist

by introducing it with a wristwatch pager - the first in the UK - manufactured by Swatch. It hopes the pager will deliver the same kind of youthful audience drawn to the One-2-One cellular service, launched last year.

FINANCIAL TIMES WEDNESDAY OCTOBER 26 1994

The second new innovation likely to reach the UK soon is the launch of services based on a new, digital technology that will enable operators to offer a service that will deliver longer messages at higher

speeds than is now possible. In addition, the new service known as Ermes (European radio message system) enables users to send and access information from office databases while they

are on the move. Aside from teething problems, such as the discovery that in Germany Ermes causes interference to television pictures. it is already available in France and will soon be offered in other European countries. It is likely to further add to the competition faced by the UK's mobile data operators.

message if the person they

code), users can play messages

But all too often systems are

ME RUT YOU ON TO

SOMEONE WHO CAN

implemented poorly, leading to

horror stories of "voice mail

jail", where the caller is

trapped in the system and

bounced from one voice mail-

However, individual users

can be at fault. As a conse-

quence, some US companies

have appointed "voice mail

police". These are staff tasked

another mailbox.

ROWERSEME

box to another.

usie, a New York-based stockbroker working for a European bank, kept leaving messages on the answerphone of a potential client. After six months, the client rang her and told her he only dealt with US banks.

Her story shows just how prevalent answerphones and voice mailboxes are becoming means for staff to receive messages when they are absent from their desks but also as a way of filtering calls.

Voice mail and answerphones are also becoming more common in Europe, where growing call volumes are turning the telephone into a mixed blessing.

According to UK high street retailer Dixons, among the most popular answering machines are those which add a date and time to each message (with a little help from a computer-generated voice). The cheapest of these is a £39.99 machine from Betacom. BT's Response 50 goes a step further by bleeping when any messages have been left. But it may not be necessary

to buy a separate answering machine at all. Increasingly, answering machines are being included in composite products such as Amstrad's model which combines one with a fax machine. The latest multimedia home PC from Compaq includes an answerphone with 12 segments - so that parents. for instance, do not have to waste time listening to mes-

sages meant for their children. For the corporate environment, voice messaging systems provide similar features to

Mechanical voices a mixed blessing with spying on colleagues to see if they are changing their answerphones but can do much more. At their simplest, they allow callers to leave a greetings regularly - for instance, when they are on hol-

iday - and actually listening to want to talk to is not available. By dialing the appropriate The penalty for breaking the back or forward them to

rules is to lose your voice mailbox and once again be subjected to a barrage of calls. Another potential problem

with voice mail is security.

This is because, depending on

hackers.

guide to voice mail security next month. In spite of security problems, use of voice mail is expanding in the US. A study there by the voice systems consultancy I'M SORRY, I CAN'T TALK TO MACHINES—BUT LET Vanguard Communications says that the US voice mail industry grew over 20 per cent last year, with sales topping

> Don Van Doren, president of Vanguard, says: "The bottom line is that voice mail improves communication, saving time and money.

In Europe the profile of public voice messaging is increasing, largely because cellular phone operators provide voice mailboxes linked to users' mobile phones. The market for voice processing as a whole (including voice messaging) is growing at 35-40 per cent a year in Europe, according to Robin Scurlock, head of BIS Strategic Decision's messaging

how they are set up, PABXs (switchboards) with integrated voice mail can be vulnerable to He says: "At this year's Voice '94 show much of the If special tones are used to technology that had been promised was on display espe operate a voice mailbox, these can sometimes be used to opercially in the area of call cenate the PABX. In this way, a tres and voice integration on number of hackers have used the local-area network."

Call centre systems are US company switchboards to designed to capture the three out of every four calls that the The Voice Messaging Educavoice messaging industry esti-mates fall to get through first time. The systems are designed tional Committee (VMEC), whose members include AT&T, BT Mobile, Octel Communicato allocate calls to the next free tions and VMX will publish a person in a telesales environment and to provide a computer screen full of information on any customer that has called before. They can also provide a list of calls which

need to be made. In the area of voice integration. GPT launched a product at Voice '94 which allows users on a PC network to get a list of all their fax, voice and elec-

tronic mail messages They can then use a mouse to click on the ones, they want to see or hear. Suppliers which have (or are developing) integrated products for the desktop include VMX, Octel Communications, C3, Applied Technology, Dialogic, Active Voice, Radish Communications and Converse.

However, Elaine Cascio, a consultant at Vanguard Communications, warns that no one really knows whether users want to be able to see all their different types of messages at once.

types of voice processing (of which voice mail is one). They go by a confusing array of names and there is some overlap between them. Audiotex is one of the simplest categories and is used for 0898 recorded information, such as racing

Another category is interactive voice response (IVR). This is the type of technology used in some home banking and home shopping systems. It might, for example, prompt the use to "press one to check your bank balance" or "press two to order a cheque book".

These systems effectively link a voice interface to a computer database. They allow customers to input and retrieve information either by using a touch-tone phone or by using speech recognition tech-

Interest in voice technology is growing as computers and telecommunications begin to converge. For example, PC software companies like Microsoft and Novell are muscling in and trying to set competing standards for CTI (computer telephony integration). But national character plays

a big part in the level of adop-There are many different tion. BIS says people in the



Southampton University's voice mail system. VoiceConnect, keeps ents in contact with friends and relatives

Netherlands and Sweden are less keen to talk to machines

than the English. Americans are probably the most comfortable with speaking to machines. In Japan it might be hard to find an executive willing to leave messages

on an answerphone for six

Scurlock says: "In Japan the receptionist often takes the message verbally and then records it on a machine." \*Copies of VMEC's voice mail

security guide can be obtained from any VMEC member company or from Vanguard Communications in the US. Tel: 201

Reduced business travel is not the only benefit of video-conferencing

out there are still waiting for a Shame, because even the

fastest PC is only fast when it's

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# Making savings all round

video-conferencing is taking off. Tumbling prices and smaller systems – including the first desktop systems mean that video-conferencing can now provide a real alternative to business travel.

in 1984, a video-conferencing ystem would have cost £250,000 according to Phil Simmonds, marketing manager of GPT Communications Services. "Today, a professional quality system the size of a television set can be bought for around 10 per cent of that price," says Mr Simmonds. And it is possible to buy systems which are even smaller and cheaper.

There are three main types of video-conferencing system: large systems designed to equip video-conferencing studios for between £25,000 and £30,000: smaller roll-about (movable) systems for between £15,000 and £17,000, and desktop systems. BT, for example, sells a deaktop system the size of a portable television for

£5,999 A lower cost option than using a dedicated video-conferencing unit is to add video-conferencing capabilities to a per-sonal computer. Judith Jeffcoate of the research consultancy Ovum believes that between 1996 and the end of 1998, revenues from PCs equipped for video-conferenc-ing will exceed those from conventional video-conferencing

An increasing number of suppliers have developed or are selling systems of this kind including Canada-based Northern Telecom (with the Visit system distributed by UK computer dealers P&P), US semiconductor company intel, AT&T GIS (Global Information Solutions), BT, IBM, Apple, Picturetel, Olivetti and Griffin

Sight & Sound. Some computers now come fully equipped for video-conferencing, allowing users to transmit live video images of themother similarly equipped users, and

to see on their PC the person they are talking to. For example, Sun Microsystems sells a Unix workstation which includes camera, real-time and a storage disk.

But most users will have to buy a special kit if they want to carry out a video-conference in a window on their personal

For example, Olivetti, IBM, BT and ICL sell kits which include a small video camera which sits on top of the PC, a

developed by BT).

The kit makes it possible for

users to transmit still or moving video images, photographs or sound. In most cases users will also need an ISDN (digital) phone line to enable them to carry out a phone conversation and transmit data (such as video images) at the same

Many PC-based products allow people engaged in a video-conference to point to or edit information they can both see on their screens. Intel says that with its system, users at far-flung sites can edit a report together, both looking at the

same version on their screens.

USA staff meetings and its chairman's speeches. • Cost savings. ICL, the UK computer company owned by Fujitsu of Japan, says it makes 50 per cent savings on travel costs through using video-con-ferencing for board meetings and links with Japan.

• Faster product development. When Ford of Europe introduced video-conferencing it helped to cut down productdevelopment times. Staff at different sites can hold a videoconference to sort out a problem, rather than travelling for

Greater team spirit. Ford

Users of studio-based systems find that video-conferencing promotes regular, shorter meetings

The systems is modular so US users can either buy the Pro-Share shared editing software separately or the full kit.

New products are also com-ing to the market. In late Octoence, which it describes as the UK's first self-contained desktop ISDN videophone and the VC6000 roll-about video-conferencing system.

A report from the Economist Intelligence Unit, International Business Travel: a changing profile, suggests that videoconferencing will gain popularity. "Video-conferencing is perceived to have several benefits and it is perhaps the ability to streamline travel costs that is considered to be the major one," says the report.

Benefits can include: • Time savings. Citibank Europe saves 200 man hours of

also believes that video-conferencing helps to hold different groups together. Shorter meetings. Users of

studio-based systems such as pharmaceutical company SmithKline Beecham, find that video-conferencing promotes regular, shorter meetings. This is because its video-conferencing suites are booked in advance, end automatically, and are often charged out to the department using them. Better access to experts. UK high-street bank National Westminster has installed a number of AT&T videolink services at 10 branches. This allows customers to speak directly from their local branch to NatWest's household insurance specialists located in

But video-conferencing systems have their limitations.

video-conferencing for Europearen't good for the initial meeting with someone - it's better to meet people first in the flesh." This is especially true of PC-based systems, which usually provide video images at 15 frames a second. At this speed, images will be jerky, so if business contacts make even small movements, it will look as if they are swaying around

> As well as keeping still, it is also important to try and establish eye contact by looking into the camera, whether in a one-to-one or a large video-conferencing meeting. In larger, "multipoint" video-conferencing meetings, people should speak one at a time, because it is harder than in face-to-face meetings to listen to a babble of voices.

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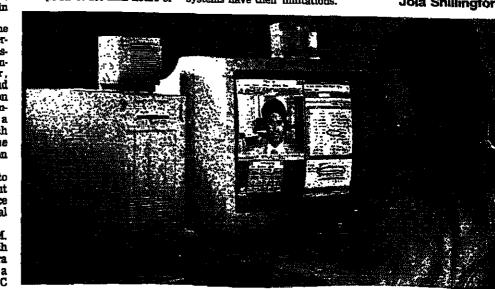
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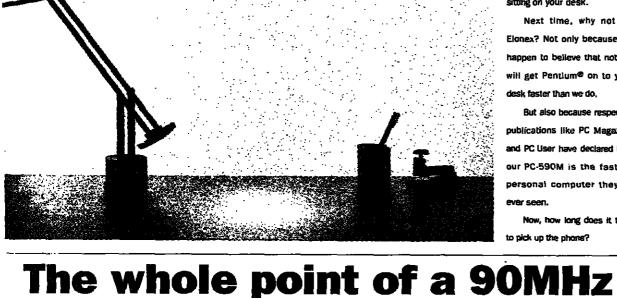
Adrian Butcher, BT's general manager for videotelephony, says a number of factors must be considered when conducting a video-conference, but "multi point tends to encourage the disciplines that ought to prevail in a business meeting. People tend to think about what they are going to say before they say it, and there is usu-ally a chairman in charge".

He believes that, unlike many technologies, video-conferencing systems (especially the smaller ones) can sometimes pay for themselves immediately through savings in travel costs.

But he does not think that businesses should look at cost savings alone. "The real power of these systems comes from faster decision-making," he says. "Suddenly, dialogue can proceed at the speed of dialogue, not at the speed of peo-

Joia Shillingford





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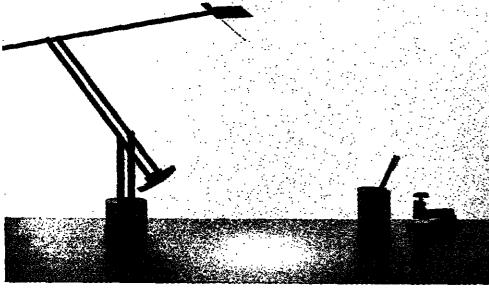
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The electronic marketplace is on its way, writes Joia Shillingford

## **EDI traffic increases**

The growth of paperless trading using electronic data interchange (EDI) and electronic mail is having a pro-found effect on the way some

businesses operate. EDI involves the exchange of structured business documents, such as orders and invoices, directly between computers. It is used mainly for inter-company communications, where cutting out paper can significantly speed up the processing and transmission of

But "the most significant application of EDI worldwide is to make reductions in inven-tory," says Brian Dearing, a Europe-based vice-president at US KDI supplier Sterling Soft-

"For example," says Mr Dearing "clothes retailers are trying to improve profitability by cutting down on inventory. Ideally, they only want to re-order the stuff that sells otherwise they have to make huge markdowns at the end of the

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But each time a garment is re-ordered that's an administrative task. So unless the pro-cess is automated, it isn't prac-tical to keep really low levels of stock. One solution is to generate an EDI order every time an item is scanned at the

In addition to improving profitability, a low inventory policy means that no stockroom is required. Examples are S&K Menswear in the US. which orders goods in the minimum quantity and then re-orders what has just sold. And Victoria's Secret, the US lingerie company, which also requires no stockroom after implementing a low-inventory

Mr Dearing believes that using EDI to improve asset management will contribute far more to a company's profitability than simply using it to cut costs in the accounts

For those who are planning to use EDI, there are a number of third-party value-added network services (Vans) to choose from In essence, these take computer-generated orders or invoices and send them to trading partners electronically.

EDI service providers include General Electric Infor-mation Services (Geis), IBM. wholly-owned by Geis), BT, AT&T and, most recently, Sterling which has made its US EDI service available in Europe as Commerce:

Some EDI Vans also offer electronic mail and, conversely, some email suppliers

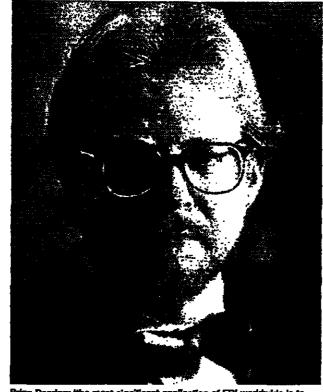
It's not what you've got, it's

how you access it. In the fast

expanding world of electronic

information services, that is

becoming the rule which dif-ferentiates service offerings.



Brian Dearing: 'the most significant application of EDI worldwide is to

offer EDI-like applications. Mr Dearing says: "We've seen Dearing says: "We've seen email used in EDI communities where a retailer or manufacturer has a number of suppliers and wants to tell them it has a new purchasing manager, or that it's going to shut down for a few days.

"It's clear that greater use of email for electronic trading is going to come, but a lot of the things customers want to do really lend themselves more to

come from new users signing up to use the Internet system. Extensively used by the research and academic commu

nity on a not-for-profit basis, the internet now has at least 15m users around the world,

according to Ovum's estimate,

and at most between 25m and

base is attracting commercial

interest in spite of the Inter-

net's uncommercial image.

Information provider Pipex

points out that for only a few

pounds, a company can put an

article on the Internet system

which can reach a potentially

In addition to email, the

Internet provides databases,

news discussion groups (such

as those on electronic bulletin

boards), long-distance comput-

ing and the ability to transfer

growth for electronic mail ser-

vices, such as the Internet. It

forecasts that total European

email revenues will grow at 53

per cent a year from Ecu223m

A big part of this growth will

in 1993 to Ecul,453m in 1997.

A big part of the growth will come from new users signing up to use the Internet system

electronic bulletin boards." These allow information to be "posted" in an area of the EDI network where anyone can

The research consultancy Ovum\* predicts that European EDI network service revenue (including software and support for customer-premises equipment) will grow at 25 per cent a year from Ecu260m

By then, it expects 90 per cent of European EDI traffic to be based on the international Edifact standard, as compared with less than 50 per cent last

Ovum also predicts strong

proved difficult to use, often

that over half of internet's users are now commercial bodies, yet there are still many barriers to, and much debate concerning, the commercial use of the Internet. For example, the National

Science Foundation Network Internet backbone (the NFSNet) deems for profit activities to be unacceptable. But commercial suppliers are forming groups which can interconnect without such restrictions.

As a result an increasing number of fee-charging services are appearing. These include Clarinet - an electronic publishing service, pro-viding news and information, plus live news from the UPI

Many major online data-bases, such as Dialog and Lexis can also be accessed via the

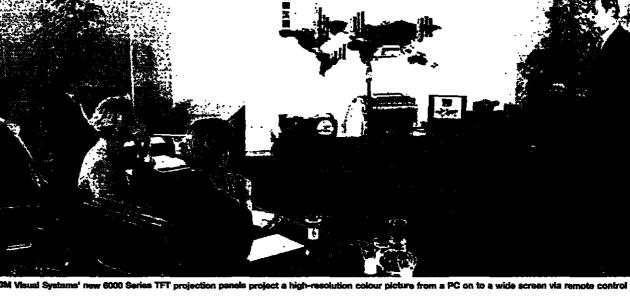
The Internet is often mentioned as an early example of the information highway. As conceived by US president Bill Clinton and vice-president Al Gore, information highways national information networks will carry information, entertainment, interactive games, and services such as home banking and shopping into homes and busine

The plan is that users will plug into these highways using multimedia terminals (which combine television, images, sound and computing power) in the home or office. Alternatively, they will link up via "smart" boxes used with their television sets.

But as well as representing a huge business opportunity for all manner of industries – such as entertainment, publishing, financial services, telecoms, computers and consumer electronics - information highways also present a threat to established ways of offering For example, Mel Simon,

IBM venture manager for the information super-highway, points out that the presence of a national information infrastructure would make it relatively cheap for new direct suppliers (such as the telephone-based bank First Direct and Directline insurers) to enter the market and compete for business.

But until computer networks, such as the Internet, asier for ord mortals to use, both the threats and the commercial opportunities will be more imagined than real. \*Desktop messaging: strategies for the corporate market is



Julie Harnett on the shortage of staff needed for training programmes

### Multimedia skills in demand

A growing number of organisations are

keen to address the problem

using new technology

Within four months of implementing an interactive multimedia training project, the Deutsche Bundespost Post-dienst in Germany had saved over DM14.2m in time and travel costs.

By far the largest multimedia installation in Europe, with more than 2,000 "Learning Stations", the system was cus-tom-built by VideoLogic using digital video technology to provide a cost-effective solution for the training of a widely dispersed workforce of more than 360,000 people. The initial investment had paid for itself after putting just 100,000 staff through the first two learning programmes.

In the training environment the integration of personal computers with digital video, audio and still images makes learning new skills an exciting

and positive experience. Studies show that pupils learn new skills faster and information retention rates are higher than they were with traditional aids such as flip-

charts and marker pens. As a result the future of multimedia, particularly as a training aid, is assured. According to Alan Binnie, recruitment director of consultants Recruit Media, the multimedia markets is expected to top £7bn worldwide this year.

He says: "Sales of multimedia PCs with CD-Rom drives grew by over 160 per cent last year and, if such drives were expected to be sold in the UK in 1995, the potential market would increase by 500 per cent to something like 1.5m." However, he warns that as the rush to supply the market takes off, so too will the demand for

"Multimedia mixes sound. visual images and movement and the creation of a single product involves a whole range of new skills from computer programming to graphic design. Lack of those skills could hold the UK back."

That view is held by the West London Training & Enterprise Council which conducted a survey last year and found in the IT field alone a national backlog of 50-100m man-days of computer skills training. Moreover, it estimated that catching up though conventional methods would cost £10hn-20bn. New thinking is called for, the Tec's report

A growing number of organisations are keen to address the problem using new technology.

cent of companies have said

that they intend to employ

multimedia staff within the

Unfortunately, 40 per cent of

those already travelling the multimedia route are experien-

cing difficulties in finding the

Mr Binnie says: "We are get-

ting companies like BP, the

Automobile Association, BBC

us for trained, flexible and cre-

ative staff and it is getting

increasingly difficult to find

progressed from a cottage

"Now that multimedia has

next 12 months.

right staff.

on technical staff and outside developers to create interactive multimedia training programmes, British Airways is planning to use AimTech's CBT Express, said to be the first computer-based training authoring software that makes

fast, simple and accessible to non-technical personnei. No scripting, flow charting or programming is required. The system uses pre-built templates and colour backgrounds to simplify and accelerate the applications development process. If the current trials are successful, BA's training staff will be able to produce multi-

developed by IT staff who use AimTech's IconAuthor, a more

complex authoring tool that

has already proved its worth in

developing interactive training

the training environment. But

it can be time-consuming wind-

ing tape backwards and for-

wards trying to find a particu-

larly section. Interactive video

implement sophisticated com-

puter controls has, until now,

made it an unrealistic proposi-

An interesting development

from Japanese electronics

giant Pioneer is an interactive

LaserDisc combined with bar

tion for the mass market.

courses for cabin crew. Video has long been used in

media course material to sup-Recruit Media says that 60 per plement the programmes being

skill shortage."
Technology itself can help. code techniques. Each laser disc can store up to 36 minutes For example, rather than rely of video or up to 54,000 still frames and photos, or a combination, with each item or section given a unique barcode for fast access purposes. By running the barcode pen

over identical supermarketstyle barcodes in the reference book, the relevant section of the programme will appear training course development instantly on the TV screen, complete with relevant photographs, slides, diagrams and

trainers and lecturers is the use of a PC to create their own training presentations. The addition of an LCD projection panel provides the ultimate flexibility, enabling computer presentations to be prepared in advance then altered quickly and easily up the last minute: an impossible task if slides or OHPs have to be produced.

Distance learning, whereby individuals can learn new skills at any time at any location is developing.
The one problem with it is

the difficulty of interaction between trainee and tutor. QData believes its development of the Marc PC-based software program could be the answer. It enables a tutor to deliver training materials and exercises to a group of dispersed trainees who can then participate in one-to-one or group

The tutor can take control of all screens on the network can ask remote trainees to take control of the host computer and perform certain tasks while the rest of the trainees watch. Messages can be sent to all trainees simultaneously and work completed can be printed out locally or remotely.

#### data or software programs. ailable from Ovum. Tel: +44 industry to one of global significance, we must address that Rose Lockwood of Ovum 71 255 2670 quality staff.

# Ease and speed top the list

**Monica Horten** finds fierce competition in electronic information

Business information has been available on-line for many years from service providers such as Official Airline tion products group. Guide. Infocheck. Kompass Online, various newswires. and the Financial Times's Profile news and reports database service. Most are supplied through third-party network providers such as Compuserve, as well as by direct connection. But none of the services have yet achieved the wide-spread use that they deserve. One reason is that they have

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providing users with very little on-screen assistance. "Most on-line databases are not particularly friendly, and by design are geared towards sionals," said Mīke Sullivan, of Reuters business informa-

Reuters Business Briefing, a new Reuters service launched Another issue is charging. Services traditionally charge users by the minute, making searches expensive. And researchers may have to access more than one database to conduct a comprehensive search - for example, to find competitive product information they would check news archives, companies listings and research reports.

last year, has improved the interface with new Windows-based software. It lets people search its 600 sources information by clicking through pull-down menus of subject codes. It also has a simplified charging structure a monthly subscription of 495, for which users get 20 hours free search time. A Windows interface is becoming *de rigeur* for all new

information services. Accord ing to Mr Sullivan, users today tend to be business executives who need to search data for themselves. The executives demand that a system is easy to use. In the past, the typical user was a librarian - an information professional who did the search at the request of an executive.

Users also demand fast data retrieval. Business Briefing claims to pull up data in less that three seconds. So does a rival service called Tel-Me Birkenhead-based

Tel-Me's concept is to take a number of commonly used databases and develop a common interface to make searching simpler. The 10 services offered include the Automobile Association and BT databases. as well as UK railway timetables, companies database Infocheck, and news wires.

The most immediate rival to Compuserve is the Internet, which claims to have 30m users worldwide

Tel-Me charges only 300 annual subscription, but adds a fixed charge per data retrieved: from 12p for a phone number, up to 24p for a company report.

Compuserve, the on-line service based in Columbus, Ohio, not only has a Windows interface but uses a special interface to third-party databases which makes them easier to

provided direct from the information provider. And it lets users save information to their hard disk, so they can read it off-line, cutting on-line costs.

Compaserve's philosophy is

to offer as much variety of information as possible. It has more than 2,000 databases including the Associated Press, Deutsche Presse Agentur and Press Association newswires and business services such as Dun and Bradstreet, Kompass Online, Extel Financial Market reports from Mintel and US and UK trade marks are also on the system.

Users have to pay each time they access these services except for the newswires which are provided free with the \$7.95 monthly subscrip-

The advantage is that there is no need to pay an individual subscription to each database So a user can do a credit check, look up a share price, get a company report and so on, with relative case.

appeal for smaller busin which cannot afford subscriptions to so many services at once. It has made a concerted drive into European markets in the past two years and has made the greatest inroads in the UK and Germany, where it has 65,000 subscribers in each

country.
"There are up-market bulletin board services and there are high cost business ser-vices, which sell direct. The wedge is in the middle where people want a broad service," said Nell Laver, of Compuserve's UK office.

The most immediate rival to Compuserve is the Internet, which claims to have 30m users worldwide. However, the Internet began as a network for academics and boffins, and this remains its prime func-

According to UK company Pipex, which supplies Internet connections, the leading business information suppliers have yet to come on-line.

Some, such as Dow Jones and Dun and Bradstreet are in the process of connecting.

Industry observers point out

that searching the Internet can be difficult. It has no ceutral organisational focus, which means that technical help may be minimal, depending on the supplier offering the connection. It may also be complicated to hook up to some of the information sup-

Commercial Information suppliers will not offer their services free of charge - as is the academic information and users may have to contact

The client list for the London-based Maid system includes 93 banks and a third of the UK's largest companies

the information supplier directly to obtain an account. This is not necessary on Com-

Neither is it necessary on Maid, a London-based company which claims to offer a much more intuitive means of searching multiple databases. With Maid, one can search all the databases on the system including news wires, com-

pany checks, stock broker reports and research material iust by entering a single query. Thus, if one enters munications in Thailand", it will provide news cuttings, broker, company and analyst reports that are rele-

Maid has also invested in a novel indexing system. Professional indexers provide links en information which is related even though the actual word being searched on is not included. For example, if asked to search on "toothnaste" it would nick up an article on oral hygiene that did not mention the word "toothpaste". But clearly, the article would be relevant for someone interested in the sub-

According to founder Dan Wagner, customers are switching from other services to Maid. So far, the company has only targeted large financial institutions and major compa-

The client list already includes 93 banks, and one third of the UK's largest companies. However, it will be made available for smaller businesses next year, when a Windows version of the interface software becomes avail-

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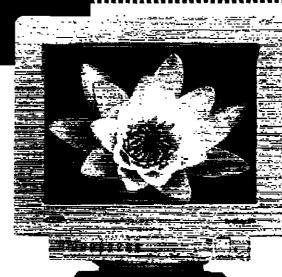


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#### TECHNOLOGY IN THE OFFICE 10

evelopers came late to the world of high technology. Despite increasingly frantic urgings from tenants and architects, they have only recently started producing buildings which can cope with the computer age.

Now, however, they face a barrage of complaints that the pendulum has swung too far. Many modern office blocks are too sophisticated, say the engineers that face the task of running them. They also burn a large hole in tenants' pockets.

Ironically, a groundswell of disdain remains about the poor standards of most buildings to cope with office technology. Many high-tech companies complain that they still find it hard to track down suitable premises. Even non-technical ones groan at the difficulties of fairly simple internal reorganisation of desks and equip-

A computer on every desk was considered a Star Wars dream until the mid-80s. But the "Big Bang" financial revolution changed all that. Large groups went wild in the scramble for a share of deregulated markets. Everyone expected to to win a big slice, which meant grabbing more

This coincided with a switch to computer-based dealing in securities, currencies and a host of other markets. Big dealing floors became the norm in new City blocks. But even the most mundane office was filling up with new technology as

Increasing use of technology has presented problems to developers, says David Lawson

# Tenants look for office flexibility

equipment prices fell. By the end of the decade, Star Wars was no longer a dream. This sea-change in working methods transformed designs of certain buildings.

It was well known that electronics produce heat - but hate high temperatures. Computer rooms had been sealed and airconditioned for years. Now that became the norm for a good deal of general office space, fitted with false ceilings for ducting, sealed windows to keep in expensivelycooled air and huge plant rooms on the

Electronics also need miles of cables. and raised floors became the rage. At one time designers were proposing enough space for a service engineer to walk through without disturbing the drones

But all this costs money. Central London rents doubled during the boom partly to pay for the new services. Rumning costs also soared. Then came the slump, and profit-strapped tenants began to worry about these high occupation

By then, however, developers had got into their stride and were offering more and more sophisticated buildings. Air-conditioning became the norm, even in buildings well outside the city centres, where it was justifiable to seal buildings against pollution and noise.

Engineers and surveyors also started to

question whether all this expensive sophistication was really necessary. Peter Hill of the Building Research Establishment Energy Conservation Support Unit (Brecsu) examined how office equipment was used in 74 British companies. He found that manufacturers vastly over-esti-mated the power demands - and therefore heat output. Staff also tended to use equipment such as PCs in very different ways, so power consumption ranged widely from

50 to 250 watts per person. Developers ensure they can offer speculative buildings to the widest group of potential tenants, so they made sure power could be provided at the top of this range. Air-conditioning designed to cope with this higher figure was, therefore, con-

sistently running below capacity for the average tenant. Users found themselves paying too much for the original system then extra for running it inefficiently.

Efforts are now being made to adjust buildings closer to tenant needs by bringing occupiers into the planning process The British Council for Offices, a group of agents and developers, has also produced guidance notes that will avoid pitfalls.

The potential for savings shows up in a scheme being handled by cost consultants AYH Partnership, which reduced the power loading for one proposed London building from 25 to 15 Watts per sq metre. That will cut future maintenance and running costs by 80,000 a year.

Over-specified buildings will be more appreciated as power consumption rises to around 300 watts/person by the end of the decade. But this could be a brief respite, as the move to "green" PCs will cut that back to 200W in the following 10 years, accord-

Many high-tech businesses, however, are more concerned that buildings fall below

the specifications they need. Quality Software Products, the recently-floated publisher of accountancy packages, was disappointed to be forced out of its Leatherhead offices. The company had spent a great deal of time and money altering the building to cope with computer equipment, but needed space to grow.

inding a suitable replacement was not easy, says QSP, although it even-tually tracked one down one at Leatherhead's Regent Park which had been designed well enough to take the endless cabling, specialised lighting, security systems and the Lan and Wan tech-

nology required. This was at least an advance on the 1980s when the task proved impossible in Gateshead, the company's birthplace. QSP had to build its own headquarters because developers had nothing suitable to offer. Things have not improved much today, as most of the suitable buildings are concen-

trated in the south-east. One of the main problems is finding a

building flexible enough to take the con-stant changes demanded by modern businesses, says Richard Hannam of QSP. "You literally need to be able to shift walls over a weekend as teams are moved

around," he says. Cabling is also a big problem for the modern office. Within the first year of occupation the average business moves half the work positions, according to Stephen Hill of Oscar Faber Information and

Communications. That continues with an

average "churn" of 30 per cent a year. More than half these moves require recabling, costing up to 400 per stuff member. Designers are now trying to solve this problem with the introduction of structured wiring schemes under which a wide variety of power, data and other cabling can be merged. These schemes pay for themselves within two or three years by cutting the cost of churns to 20 per person

Companies will need to take a much closer look in future at whether this kind of scientific approach to fittings has gone into offices they are seeking. High specifications may appear a godsend for those desperate to find buildings geared to high technology, but they must be appropriate to future needs.

The main criterion should be flexibility to change - either up or down the technology ladder. Whether developers can come of up with the goods is another matter.

Monica Horten looks at the health risks in using office equipment

# Systems are under scrutiny

The mouse, a harmless looking device used by millions of people to control their computer software, is the latest piece of electronic equipment to come under scrutiny for health and safety reasons.

It is the subject an international stan-dard covering health and safety for hightech offices being drawn up by national standards bodies worldwide, and it will correlate with EU requirements.

Recent studies have shown that using a mouse can cause injuries, says Bjorn Malmberg, technical co-ordinator at ICL Personal Systems. Most people place the mouse to one side of the computer, where they have to extend their arm to use it. The slight clicking action works muscles further up the arm, even though most people are not aware of it. The further one has to stretch to hold the mouse, the more strain is put on those muscles.

"Some applications require you to use the mouse a lot, and you can get inflamed muscles" said Mr Malmberg. He recommends placing the mouse as close in to the shoulder as possible to avoid the condition, which is known as tennis elbow.

Another condition caused by the use of a mouse is carpal tunnel syndrome. The symptoms are tingling feelings and pain in the thumb, index and middle fingers and a weakening of the thumb. Carnal tunnel syndrome can happen to mouse users if they rest their wrist on the desk while holding the mouse for extended periods. This position pushes the wrist joint back at an angle, causing pressure on the nerves which transmit signals between the

hand and the brain. Some mouse products have been designed to allow the hand to rest in a more natural position. The Dexxa mouse from Logitec, for example, is designed to raise the wrist position. It costs about £15. The Microsoft Ergonomic mouse costs £39. Mouse mats with a raised surface at one end are also available, for about £10.

> Extended use of computer keyboards can cause a variety of injuries

Similarly, new-style computer keyboards, designed for comfort, are coming on to the market. Injuries caused by extended use of computer keyboards include carpal tunnel syndrome and repetitive strain injuries. Mostly they occur where the user performs repetitive tasks in a position which cramp the hands, wrists or shoulders. This may be due to poorly designed equipment or to poor pos-

ture, or both

launched its Natural Keyboard, Shaped like a wave with the two halves of the Querty keys sloping away from one another at a 40 degree angle, it also has a sloping piece of plain plastic along the front, intended as a palm rest and a pop-up stand underneath to act as a wrist-rest.

Initially, the keyboard feels strange. But Microsoft claims that the slope puts the shoulders in a more relaxed position does than the conventional keyboard. The shoulders are opened out, instead of being hunched up. The pop-up wrist-rest -Microsoft calls it a wrist leveller - forces the wrist in a slightly downwards-sloping position for those who like to rest their wrists while typing.

A rival product from US manufacturer Key Tronic uses a system of mechanical levers underneath the individual keys to create a softer landing for the fingers. Hard contact switches used to work the keys create a mechanical resistance to the finger on conventional keyboards, which also make the finger press directly down on the key - an unnatural movement.

The Key Tronic Pro Touch keyboard allows the fingers to arch over the keyboard in a naturally comfortable position. ICL's ergonomically designed keyboard helps minimise the strain on muscles in the hands and forearms with a curved, Software company Microsoft has just sloping surface. It also incorporates an



soft's claims that the sloping Querty keys of its "Natural Keyboard" puts the shoulders into a more relexed position than does the

anti-static device in the space bar - computers generate a lot of static, which attracts dust and can result in headaches

and tiredness People who type on the keyboard while talking on the telephone are running an additional risk. This issue has received little attention so far, but it is known that holding the phone between the head and neck affects the balance of the vertebrae in the neck, causing a condition called Torticollis. Wearing a headset with a tele-



phone microphone, could be the solution because it lets the user have both hands

According to Stephen Murphy, of headset manufacturer Plantronics, headsets are governed by strict regulations on sound quality. But headsets can be expensive. with starting prices at £150 from either Plantronics or rival manufacturer Racal

However, all manufacturers point out that improved equipment alone will not prevent any of the debilitating medical

conditions. "Our keyboard does not prevent repetitive strain injury. Just as you don't lose weight by drinking diet Coke," said Richard Teversham, hardware product manager at Microsoft. Mr Teversham believes that telling people how to organise the overall work environment, will help them to help themselves.

For example, a desktop computer should be placed at an appropriate height for the user. A footrest - costing between £15 and

£40 - reduces the strain on legs and feet. A chair with built-in lumbar support costing between £100 and £150 - supports the back. Lighting should not cause glare or reflections on the screen. And users need to be educated to take breaks from keyboard or mouse work and to maintain

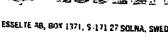
a good posture. Alan Cuthbertson, an independent consultant, pointed out that all employers in the European Union have a legal responsibility to educate their employees about high-tech health and safety.

This follows the European directive 90/ 270 which was passed in 1992. Member states were required to introduce legislation by January 1993, and organisations have been given until 1996 to bring their offices in line.



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Car makers express optimism about the metal's future: Page 3

PRODUCTION CUTS

ANNOUNCED

(KTaThousand tonnes)

Wednesday October 26 1994

## **Prices bounce back** after global deal

Kenneth Gooding describes how the industry took steps to overcome the problems caused by the huge increase in aluminium exports from Russia

minium, one of the few widelyused materials worth stealing. There is hardly a better indicator that aluminium prices are going up and the industry's state of health is improving than this disreputable practice. If prices go on rising as they have in the past few months, it won't be long before the thieves become more daring: in the 1989 price boom one night in Hull, in the north of England, an entire canal foot-

bridge disappeared. The rise in aluminium prices - by more than 50 per cent since last November - was prompted by production cuts, rising demand and investment fund interest.

Less than a year ago, prices were at an all-time low in real terms, and the industry was suffering. Producers worldwide were experiencing heavy financial losses. More than half the west's aluminium smelters were not even covering their day-to-day operating costs.

It seemed that, if the end of the world wasn't going to happen tomorrow, it would certainly come next week," said Mr Lloyd O'Carroll, economist at Reynolds Metals, the world's

third largest aluminium group. The industry's woes were not caused by the global recession. Demand for aluminium continued to reach record levels, as it

has every year since 1983. In any case, the industry had prepared itself to cope with the inevitable ups and downs that a cyclical commodity has to expect. What took it - and everybody else - by surprise was a massive rise in aluminium exports from Russia, following the collapse of the for-

Road signs are disappearing again. Thieves know that the signs are probably made of aluwest tripled in 1991 to 1m tonnes, and rose to an esti-mated 2m tonnes in both 1992 and 1993. This was equivalent to about 13 per cent being added to western world supply at incredible speed - usually the industry gets a three-year warning of new capacity, because it takes that long for a new smelter to be built and

> started up. in January 1989, before the Russian aluminium invasion, stocks in London Metal Exchange warehouses totalled only 136,000 tonnes, and the LME aluminium price was \$1 a lb (\$2,204 a tonne). Last November, as LME stocks climbed towards a record 25m tomes, the price had dropped to 47 cents (\$1,036 a tonne). Yet in recent weeks it has been above

77 cents a lb (\$1,700 a tonne). The industry itself helped to create this remarkable recovery. Since last November, it has announced plans to cut 1.25m tonnes of capacity, either permanently or temporarily -900,000 tonnes of this in the

These cuts were prompted by an unprecedented trade agreement between the European Union and five of the largest aluminium producing countries - Australia, Canada, Norway, Russia and the US.

A memorandum of understanding, signed in Brussels in February, identified a global oversupply of between 1.5m and 2m tonnes a year, and suggested cuts of that size should be made for between 18 months and two years, to restore the balance of supply and demand. Russia agreed that if cuts were made in the west, it would cut output, by 500,000 tonnes a year. Although Russia and westdeliver all the cuts that were hoped for, the deal laid the groundwork for a recovery in the market.

This attracted help from an unexpected quarter - the investment funds which were casting round for something new to invest in at a time of falling bond prices and weak stock markets. They decided to put some of their cash into

unprecedented, incredible in its size and volume. It was world's second-largest aluminback of a much better funda-

The market's underlying strength was clear for anyone to see. Annual growth in demand did not go into reverse, it merely slowed from

uids, vapours and light; it is non-toxic and imparts no taste

and automobiles.)

between 3 and 5 per cent.
This growth will come from

beverage cans and cars in par-

Nearly every beer and fizzy

drink can in the US is made

from aluminium, where once

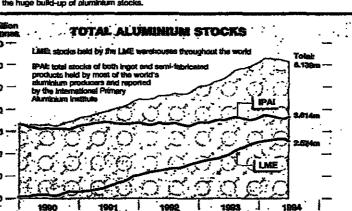
base-metals markets. "The funds' intervention was

beautifully timed and their analysis that the aluminium market was due for a swift recovery was spot on," says Mr Roger Scott-Taggart, director of research at Alcan, the ium group. "People in the industry, peering over the rim of the tranches, didn't believe there would be a serious recov ery this year. But the funds created that recovery on the mental market balance."

per cent to 1.5 per cent. Partly this was because alu-minium has a wide variety of

uses. Packaging is one of its best markets - the metal is easy to sterilise for food and medical applications; it is an excellent barrier against liqor odour. There has also been good growth in the use of aluminium in electrical wiring, construction and in the transport sector (aeroplanes, trains





they were tin plated-steel, so Global growth in demand for any growth there will have to aluminium this year has set a come from winning business cracking pace, led by the US away from glass and plastic where shipments of primary metal rose by a remarkable 11 containers. However, other parts of the world offer tremenper cent in the first half. Reyndous opportunities for the aluminium can. olds' economist, Mr O'Carroll, suggests western world con-

Mr Richard Holder, Reynolds sumption will probably rise by 7 per cent this year to 16.7m tonnes. He adds: "We are prob-Metals' chairman, is predicting that the global aluminium can market will grow by 65 per ably at the begining of a threecent by the year 2000. to five-year up-cycle for alu-As if that were not enough, minium." He sees global annual demand rising at aluminium has another "ava-

lanche" market developing after many years of careful preparation - the use of more aluminium in cars. The amount of aluminium in the average car has doubled from 32kgs (70lbs) in the late 1970s to 68kgs (150lbs), and even the most conservative industry forecasts see it doubling again In the US, this trend is being

WESTERN WORLD

(1993 total: 20.6 million tonnes)

packaging 21%

21%

**ALUMINIUM CONSUMPTION** 

driven by ever-tightening fuel economy targets set by the government. Aluminium's light weight enables car makers to meet these targets without reducing the size of vehicles. Consequently, the US Aluminium Association is predicting that aluminium in the average American car will rise from 210lbs at present to

350lbs by 2000. Reynolds' Mr Holder suggests that next year shipments of aluminium in the US to the transport industry will reach 5.16bn lbs (2.4m tonnes), and for the first time will top those forecast to be 5.04bn lbs (2,28m)

Some analysts suggest that there might even be a shortage of primary smelting capacity in the late 1990s, because nearly every planned smelter project was shelved during the recession. Mr O'Carroll at Reynolds says it would not surprise him if there were one or two years of too little capacity. But aluminium prices would not stay at extraordinarily high levels for very long. Most commentators say that prices of between 75 and 65 cents a lb (\$1,653 and \$1,873 a tonne) would be enough to encourage banks to put up some of the US\$1bn a

ium smelters. Mr Paul O'Neill, chairman of

time needed for new alumin-

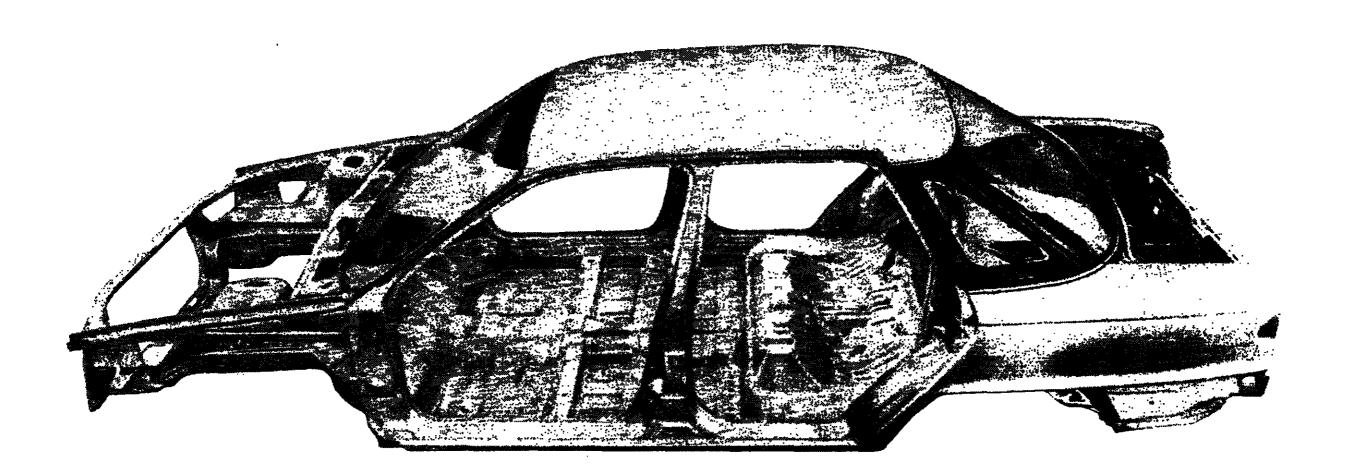
the Aluminium Company of America (Alcoa), dismisses the idea that shortages of aluminium and exceptionally high prices will appear. However, he says that by late in 1995 it will be necessary to re-start all the

smelting capacity recently shut

PRIMARY ALUMINIUM

PRODUCTION & CONSUMPTION

Alcoa drew up forecasts for 13 big aluminium-consuming countries - by no means a world-embracing list – and this showed potential demand for another 8.9bn lbs (3.8m tonnes) of aluminium by 2004, equivalent to 25 per cent of last year's primary aluminium. "And," insists Mr O'Neill, "that does not take into account the potentially large increase of aluminium usage in automo-



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#### **ALUMINIUM 2**

hen the mayor of Tursunzade fired several pistol shots at the general manager of Tajikistan's aluminium smelter, the news ricocheted around the global industry. For the Tursunzade smelter is one of the world's biggest, and its output was already falling because of civil warfare and shortages of raw materials and electricity.

For Mr Mikhail Sinani, the man sent from Russia with a team of technicians to help the Tajiks keep this vital source of foreign earnings up and running, the murder attempt was the last straw.

Even though the smelter is now being protected by Russian paratroopers, Mr Sinani decided not to return to Taiikstan when his holiday in Russia ended

Tursumzade's mayor, Mr Ibodullah Boymatov, had asked for a large consignment of aluminium for delivery to a foreign trader, but did not have proper documentation. When Mr Sinani refused to provide the metal, the mayor pulled out his pistol. Some local reports suggest that Mr Sinani rehumed his fire. Fortunately, neither man was hurt but the damage to the future of the smelter - the largest single enterprise in the southernmost former Soviet republic - is incalculable.

Without Russian help the smelter's output, already down to only 252,000 tonnes in 1993 compared with its annual capacity of 500,000 tonnes, is expected to fall steeply - some

Western groups see opportunities in Russia, writes Kenneth Gooding

## Statistics gap delays plans

Whether the former Soviet Union industry will ever supply more than "informed estimates remains to be seen. Soviet aluminium production statistics were a state secret for so long that even a reformed Russia seems reluctant to give them. "Now that Russia is being

absorbed into the global aluminium industry, we are desperately trying to get some statistics, some facts, that will let us get on with some proper planning," one senior western executive complained recently. Russia has agreed to supply

production and export statistics to the International Primary Aluminium Institute, the London-based organisation which collects data for the western producers. However, the Institute is still waiting for the go-ahead by for a fact-finding visit to the Russian smelters to collect necessary background

Western executives complain that, since the Russian smelters were privatised, the situation has become even more chaotic. The central authorities have no control - and no statistics while anyone wanting to do deals with the smelters has no clear idea who to talk to.

The chaos is amply illustrated

rounding Krasnoyarsk, Russia's second-largest smelter. Pechiney, Europe's biggest aluminium group, announced in July that it had won Russian government support for a scheme to modernise gradually the Siberian aluminium smelters -Krasnoyarsk, Bratsk and Novo-kuznetsk - which between them account for about half of

Russia's aluminium production

capacity, but are among the

world's heaviest polluters. Mr Bernard Legrand, head of Pechinev's aluminium activities, said that a start would be made at Krasnoyarsk with a "module" of 250,000 tonnes of annual capacity to replace outdated existing equipment. Arranging finance for this, an estimated US\$400m to \$500m, and completing detailed engineering studies would take 18 months to two years, and construction

another two years. But at the same time Alcoa. the world's biggest aluminium producer, has been talking to the Krasnovarsk smelter management. According to local sources, Alcoa wants to join forces with the hydro-electric company that supplies Krasnoyarsk, to take over the entire plant and its production.

Similar ideas are being mulled over by Russian investment companies which, together with

western aluminium producers (Alussuise is rumoured to be among them), might soon be putting them to the Krasnoyarsk management and the Russian government.

In the meantime, Trans-World Metals, a London-based international trading company which has been the biggest supplier of raw materials to Krasnoyarsk and possibly its biggest customer for aluminium for export, s protecting its commercial interest. Trans-World has organised consortia to acquire large shareholdings, at least one-third, in Krasnoyarsk and three other Russian smelters.

the position of trading houses like Trans-World is less secure following a recent international trade agreement between some of the aluminium-producing nations which promised funds to belo modernise the Russian industry - and reduce its dreadful pollution - if it joined in a worldwide cut in production.

But all this jockeying for position suggests that some western aluminium groups see a unique opportunity to move in to a potentially huge new market. Russia's smelters are being gradually absorbed into the global aluminium industry. The Russian smelters that survive

can also be expected to become more like their western rivals and develop downstream fabricating operations, because Russia eventually will consume more of its own aluminium.

Mr Horst Peters, managing director of VAW Aluminium-Technologie, the German group that is helping the Novokuznetsk smelter to modernise, suggests that this battle for ownership of the smelters is one of the most important issues in Russia today. "It is a question of who will supply the raw materials and who will take the metal in future."

However, in the meantime, says Mr Peters, the physical condition of some of the smelters is deteriorating rapidly. Consequently production will be down by 10 to 15 per cent this year from the 1993 level, not because of the trade agreement but because equipment is breaking and not being repaired. Russian production is therefore likely to be about 2.5m tonnes compared with the industry capacity of about 3.3m.

One third of the former Soviet Union's 3.6m tonnes of aluminium-smelting capacity could be expected to disappear in the next five years, driven out of production by high costs and obsolete equipment, according

He pointed out that, if they are to meet present Russian emission standards, Russia's aluminium smelters needed total investment of US\$3.5bn. Money for this purpose was presently not available in the former Soviet Union, nor in the western financial markets. Mr Peters insisted.

So those smelters not worth modernising will be phased out. He suggests that some heavilypolluting smelters could be modernised gradually. This could be financed out of cash flows and some help from international financial institutions or export credits.

Mr Peters insists that the Russian smelters are no longer low-cost producers. They are having to nay world prices for alumina (an intermedia rial), and electricity and transport costs have been rising rapidly - including the cost of security to protect the valuable metal on its travels over vast distances. "Some smelters say that, if they paid all their bills they would be bankrupt."

The projected fall in output should have the effect of stabilising Russia's aluminium exports, Mr Peters suggests, because "domestic demand is at rock-bottom." Aluminium sales in Russia, which fell to only 600,000 tonnes in 1993, are now running below an annual rate of 400,000 tonnes. Yet there is demand for aluminium products there - for example, all the aluminium windows needed for the damaged parliament build-ing in Moscow were imported from the west.



Plate material from Hoogovens aluminium rolling mill in Kob n the production of sides and bottoms for the Arlane-5 rocket, the first prototype of which will be launched early in 1996

The new global deal has cut production. But can it last?

## Next year may see a shortfall as stocks decline

international trade agreement signed in February to encourage aluminium producers to cut production has transformed the market this year.

Prices have risen to levels where all producers are making profits, and the huge level of world stocks has started to fall as consumption outstrips production at last.

The fact that western produc ers sought an international deal to help curb the flood of metal from Russia is a measure of their desperation at the interminable build-up of stocks. By the end of last year, reported stocks totalled almost 4.5m tonnes, with 2.49m tonnes at the London Metal Exchange and just over 2m tonnes at the International Primary Aluminium Institute.

The Memorandum of Under standing (MOU) - signed by Australia, Canada, the European Union, Norway and the US, as well as by Russia - soon

started to be reflected in rising prices on the London Aluminium exchange. By July, prices 3 month price (\$ per tonne) were 50 per 1,800 cent above the eight-year low

of last Novem- 1,600 ber - \$1,037 a tonne. The memorandum called for production cuts of up to tonnes, including 500,000 tonnes 1,000 1901 in the former Soviet Union.

The question now is how long can it be expected to hold together. As Anthony Bird Associates, a UK consultancy, pointed out in its annual review of the industry, there are great difficulties in getting such agreements to work. In addition to the conflict of interest between high- and low-cost producers, and legal problems faced by American and Canadian producers, Bird points out that, when such agreements collapse, "the results can be devastating" -

and he cites the 1985 tin crisis. Bird bases his forecasts on the assumption "that the MOU will be mostly successful for a limited period." Bird, in April, suggested that production and consumption should be roughly in balance this year.

Since then, however, indications are that stocks will fall. Billiton-Enthoven Metals' analysts are looking for a supply deficit of 400,000 tonnes, with Western world output at 14.15m tonnes, net imports at i.6m tonnes, and consumption at 16.15m tonnes.

Another recent assessm the Spector Report of the US put the estimated decline in world stocks at 700,000 tonnes this year, in stark contrast to the 1.5m tonne increase in 1993. However, the real impact is likely to come next year. Bird suggests that supplies should be around 1.4m tonnes below output, while Billiton is predicting a shortfall of 1.18m

The prospective fall in stocks is not merely a reflection of production curbs – consumption is growing strongly, and has been remarkably healthy throughout the recession.

"We have little reservation in stating that the underlying demand outlook for aluminium is good, and probably better than for any of the other major base metals, with the possible exception of nickel," says Billiton in its annual Almoinium Market Report. The report points to the underlying growth rate in non-mature economies, particularly south-east Asia, which increased its share of western aluminium consumption from 10.4 per cent to 19.1 per cent between 1979 and 1992. By the end of the decade, the proportion could be almost 25 per cent.

At the same time, aluminium continues to take market share from other metals and materi-

unprecedented als in the industrialised economies. This is particularly true of the automobile industry. In addition, the packaging sector is continuing to grow spectacularly, and has proved itself impervious to recession. Billiton concludes that "aluminium, mainly in the form of can sheet, will not only continue to dominate the expanding US beverage can market, but will also make increasing inroads in the European and Japanese markets where there remains conFord

siderable scope for growth." However, it warns that much of the growth in packaging and automobile sectors is linked with recycling. "Thus to some extent the growth in primary consumption will be constrained by competition from its own remelted scrap." Nevertheless. Billiton believes an underlying growth rate of between 2.5 and 3 per cent can be achieved to the end of the cade and beyond.

Bird is even more optimistic, predicting growth of 3.4 per cent between 1990 and 2004.

It points out that one of the main reasons for the sector's resilience in the recession was the "strong competitive position, which we expect to see maintained in the years ahead. But in addition we think the aluminium inten-

sity of any given level of industrial activity has risen." ironically, demand for the metal is likely to outstrip production once the stocks overhanging the market have been drawn down, which will probably take only three years.

Bird points out that there has en an investment famine in the west, because of the short-term excess of supply. As the rate of capacity utilisation is already above 90 per cent, "It would not take much of a supply correction to bring the industry back to the point where new capacity was needed

very urgently. The only hig project due to come on stream before the end of 1996 is the Alusaf smelter in South Africa. However, Spector believes that, in order to meet demand in 1997 and 1998, the industry needs a further 1.5m and 2.6m tonnes respectively of new capacity, "and that's just not on the cards at the

moment." Observers wonder if the Russians will be able to make up the shortfall. Bird argues that there will be further falls in exports from the former Soviet Union, not because of the MOU, but because of cost constraints.

In the west, production costs have been falling to an average of \$1,135 a tonne. Russian costs are alreadyhigher at \$1,234 a tonne - a level at which they can now make money. However, hyperinflation in the former Soviet Union is clearly evident when comparing the costs in 1990, which were only 3 per cent of the western world average. Bird thinks the Russians will "price themselves out of western markets as a result of this cost explosion.

Paradoxically, the MOU, and the consequent rise in market prices, has taken some of the short-term pressure off the Russians. At the end of August. Spector suggested that Russian exports had already peaked, and that they could be down by as much as 100,000 tonnes a month for the last five months of this year.

Taking all the indications together, it looks as though the remainder of the decade will prove an exciting time for the industry, with strong growth and a need for expansion. As Spector puts it: The fundamen tals look great and are getting

David Blackwell



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As a Scot who worked for British Steel

Corporation before moving to Highveld

Steel in South Africa some 25 years ago, he

would seem an unlikely advocate of this

particular form of packaging which has

made a big dent in demand for steel, at

least in one market sector. Yet he speaks

enthusiastically about aluminium beverage

cans "taking over all over the world". Steel

cans can't compete, he suggests, because

the aluminium variety lend themselves

Today, Mr Boyd is a director of the Anglo

American Corporation of South Africa and

chairman of its industrial group, which

now has a vested interest in the develop-

ment of aluminium beverage cans in that

country. Highveld's Rheem division started

up a new aluminium can plant last year,

which exceeded rated capacity almost from

day one, and is expected to make a big

contribution to Highveld's earnings in 1994.

Mr Boyd already is suggesting that Anglo's next big capital investment in

South Africa might be a US\$1.5bn alumin-

ium can sheet plant to provide raw mate-

Significantly, given his views on the sub-

ject, aluminium can recycling in South

much more to recycline

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#### **ALUMINIUM 3**

n the face of it, you would not expect Mr Leslie Boyd to speak Kenneth Gooding on the implications of aluminium beverage cans' success in the US favourably about aluminium beverage cans.

## The industry plays its Green card

Africa, which started only nine months car tyre and also support 250lbs in weight. ago, has already reached 20 per cent - a level not yet reached in many more mature markets, and one that the rest of the global industry finds heartening.

For, in the past 30 years, aluminium beverage cans have elbowed out the steel variety and taken virtually 100 per cent of the US canned beers and fizzy drinks market. The industry, dominated by a handful of large groups operating globally, is now taking lessons learned in the US to other markets the world over.

In the US, some 95bn cans of beer or fizzy soft drinks are consumed every year - an aluminium can a day for every man, woman and child - and output outstrips even the production of nails and paper

Aluminium beverage can-makers exercise the same attention and precision as do makers of the metal for an aircraft wing, using the highest-powered computers to design containers that can withstand three times as much pressure as there is in in a Careful design has enabled the industry to cut the amount of metal needed to produce aluminium cans. Today's can weighs about 0.48 of an ounce, down from about 0.66 of an ounce in the 1960s, yet producers expect

to reduce that by another 20 per cent.

The success of the aluminium beverage can has left the aluminium industry with a problem: about 10 per cent of global demand for its metal comes from one product in one country. So it is spending heavily to spread the "gospei" of the aku-minium beverage can around the world.

To promote the use of aluminium beverage cans outside the US, the industry leans heavily in its "green" credentials, claiming that aluminium cans may be recycled on a "closed loop" system (from cans to scrap and back to cans again in only a few weeks). The relatively high value of aluminium - aluminium cans are worth six to 20 times more than any other used package ing material, and are the most valuable used package found in household waste -

enables the industry to spread the word that can recycling gives collectors a decent

Last year, for example, the US industry is estimated to have paid out about \$900m for used cans, money that went back into local economies to benefit individuals, schools, churches'scout troops and other local

owever, this is not simply altruism on the industry's part - it needs this recycled metal, because it is cheap. As much as 95 per cent of the energy needed to produce new aluminium is saved by recycling old metal, because aluminium "stores" energy. This is important, because the average smelter uses as much power as a town of 500,000 people to produce new aluminium. On top of that, there are capital savings because a remelting plant costs only one-tenth as much

Steel producers point out that the high cost of new aluminium means it only makes economic sense to use aluminium cans if more than 60 per cent of them are recycled. Not many markets achieve this level. The US recycling rate of about 66 per cent means that last year roughly 600,000 tomes of aluminium, worth about \$900m, escaped from the system, possibly to be

thrown away.

In the US, recycling of used beverage cans (known in the jargon as UBCs) is facilitated through more than 10,000 recycling centres. There is no shortage of recycling infrastructure in Europe either. British Alcan in 1991 opened a £28m remelt plant dedicated to UBCs at Warrington in the UK; and others are operated by Granges in Sweden, VAW in Germany, Elval in Greece, Alcan and Reynolds Metals in Italy, and Pechiney in France. Together they have an annual capacity of 120,000 tonnes, helping to turn old beverage cans into new ones. There are also many secondary smelters throughout Europe remelting UBCs into new ingots for other high-quality aluminium products.

In Europe, several aluminium companies are financially backing an organisation which promotes aluminium can recycling, Acre (Aluminium Can Recycling Europe). Acre beloed South Africa's equivalent organisation prepare the groundwork for that country's roaring start to aluminium can recycling.

According to Acre, Europeans worked their way through 56,050 tonnes of aluminium beverage cans last year, up from 39,595 in 1992; and at least 29 per cent were recycled, up from 26 per cent.

Mr Richard Holder, chairman of Reynolds Metals of the US, now one of the world's biggest aluminium can producers, says the industry can expect growth in the US to come by taking share from glass and plastic containers for products other than beverages. "Outside the US there are wonderful opportunities." he suggests.

Reynolds built its first aluminium can plant with local partners in Brazil in 1988. It has been expanded three times, and a second plant is under construction. The Brazilian company is also constructing plants in Argentina and Chile. Mr Holder says: "When we've finished we'll have the capacity to make 5bn cans a year - but that's only 5 to 6 per cent of the market. So if growth trends follow the US pattern, the market opportunities are obvious for many

The motor industry has joined producers in voicing optimism about the metal's future

## Ford and Audi make light of motoring

Mr Jacques Bougie, president of Alcan, the world's second largest aluminium group, let me borrow his car last month. He was prepared to do so because the car is signifi-cantly different - it is one of the first 40 "aluminium intensive vehicles" (AIVs) built

This fleet is based on the Mercury/Sable range, and gives the first clear indication that aluminium is suitable for the production of high volume, rather than just low

volume "niche" cars. Ford, the world's second largest automotive group, and Alcan believe they have overcome most of the problems associated with producing aluminium cars from an infrastructure which was set up to make

them from steel. Ford still needs to conduct extensive manufacturing trials and consumer tests on the new AIV, and Mr Bougie's car is part of that programme. My half-hour drive from down-town Montreal to Dorval airport and back did not give much scope for serious testing. But back in May the AIV was given a much more gruelling try-out when four of the cars were taken to the Saint Eustache race track, near Montreal, to be out through their paces by some automotive writers and profes-sional drivers. The drivers were also provided with equivalent steel-bodied cars -400lbs or 47 per cent heavier that the AIVs

After this test, Mr Jack Heebler, of Automotive News, reported: "This car [the AIV] also developed.

handles so well it's as if it has sticky tyres to help it hold the road. The AIV actually ems to carve through the turn without the heavy feeling of the steel-bodied car." Similar favourable reviews greeted the

Audi A8, the first production car to use ahiminium as its primary structural material. This was good news for executives at the Aluminium Company of America (Alcoa) and at Audi who have spent the past 12 years in a co-operative research effort, and have invested a great deal in the project. Audi has spent about DM1bn (\$650m) to bring the new luxury AS to market, and Alcoa has spent \$70m for a plant at Soest, in Germany, where it is producing space frame components which it also hopes to sell to other car makers.

Alcoa and Audi took a different route from Ford and Alcan. As aluminium is initially much more expensive than steel, they believed it would be too expensive simply to substitute aluminium components for those traditionally made of steel. Instead, they designed a car that has many fewer individual components and structures than are used in a steel vehicle. They developed a space frame, a skeleton-like body structure. composed of fewer than 100 extrusions and castings, compared with as many as 300 for a stamped steel body. Like Ford and Alcan, Alcoa and Audi had to develop new manufacturing processes to produce these space frames, and new aluminium allovs were

All this activity has been prompted by increasingly stringent regulations covering both car fuel economy and emissions. This is a global trend, but is strongest in devel-oped markets such as the US, western Europe and Japan. Both requirements can be met by lighter vehicles. And, as customers are resisting any attempts to make cars much smaller, designers are focusing on lighter materials to replace steel and plastics. Aluminium used in a typical US car has grown from 50lbs in the 1960s to nearly 200lbs today. Most of that extra aluminium has been used in components once made of

There is still growth to come from this substitution process. Alcan's Mr Bougie says that demand growth of about 6.6 per cent a year can be expected for such things as castings, forgings and some aluminium sheet for cars, from today's starting point of

steel or cast iron.

However, now "both Alcan and Alcoa have demonstrated the use of aluminium in car structures, this gives us growth potential for another 20 years. But the big growth does not come until after the year 2000. Aluminium structures in high volume models do not come until 2000 to 2005."

At present, the Audi-Alcoa technology is not economically viable for cars produced at a rate of more than 100,000 a year. Mr Bougle points out that Alcan's technology was from the start aimed at high-volume production of mid-sized cars. "It is in the

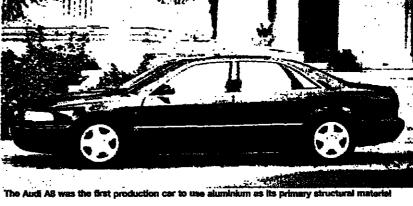
mass-produced models that the real volume market lies, a market we should see developing over the next five to ten years."

Mr Donald Macmillan, vice-president and general manager (automotive) for Alcan Rolled Products, whose job puts him face to face with the US car companies in Detroit, says the automotive groups are preparing themselves for even tighter regulations, and that, in order to achieve those new standards, they will need to hit higher miles per gallon figures with high-volume mainstream vehicles.

When a car is designed specifically to be made of aluminium, secondary weight savings can be incorporated - a lighter body means that engines can be smaller, braking systems do not have to be so powerful, and

There are still some question-marks over the use of aluminium in cars - questions about aluminium's reparability and its cost. A recent Massachusetts Institute of Technology study showed that car-makers were having to spend an extra \$1.50 a car for every lb saved - not particularly welcomed by an industry that likes pinching its

The motor industry is also worried about the volatility of aluminium prices. Both Alcoa's chairman, Mr Paul O'Neill, and Mr Macmillan, of Alcan, insist, however, that "life of car" stable prices can be offered as long as these reflect the cost of replacing the smelters used to produce the metal.



The North American groups are not the only ones likely to share in the potential bonanza. Hydro Aluminium, part of Norsk Hydro, Norway's biggest industrial group and Europe's biggest producer of aluminium extrusions, has a vested interest in the success of the space-frame concept, which could be a big user of extrusions. Hydro has been successfully co-operating on car spaceframe concepts since the mid 1980s with various groups, including Renault in France, Porsche in Germany and Pininfar-

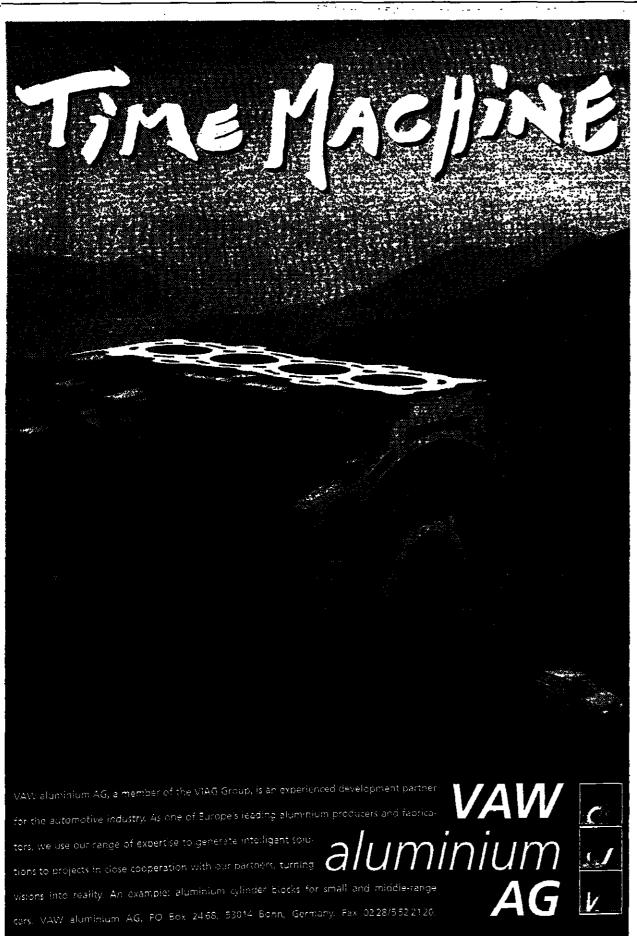
ina in Italy.

Alusuisse-Lonza, of Switzerland, has a virtual monopoly in the supply of aluminium sheet for the car industry in Europe, because it has developed and patented an alloy that other companies prefer to use under licence rather than develop an equivalent material.

There is still a possibility that the avalanche of new business that the aluminium industry hopes for from the motor industry will not materialise, and executives remain cautious about some of the more extravagant forecasts being made. The steel and plastics producers are working hard to ensure their car business is not further eroded. Already a lightweight cast iron for automotive components available is available from Sintercast, a Michigan-based, Swedish-American company.

Nevertheless, Alcan's Mr Bougie can say confidently: "By the year 2010, the world automotive industry could be consuming as much as three times the aluminjum it does today. The additional shipments to this market alone could require the equivalent of the output of 30 to 40 additional world-scale aluminium smelters, although by that time a growing part of this would come from recycled aluminium."

Kenneth Gooding





### Light is right

Weight costs energy. And energy is too valuable to waste. The less a car weighs, the less

power is needed to move it. One important key to energysaving transport is the rapidly increasing adoption of sophisticated lower-density composites and alloys.

A leading producer of light metals, Hydro Aluminium is working in close alliance with major car makers, creating vehicles with modern materials that provide the optimum combination of strength

and lightness. By the end of this decade the light metal content of the average car

may have more than doubled, conserving fuel and reducing emissions.

For a world vehicle fleet that will reach twice today's numbers at some point in the next century, the light way is certainly the right way.

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luminium has clearly been the London Metal Exchange's outstanding performer this year.

At 49 per cent, its price rise since the end of 1993 beats copper into second place by 13 percentage points; and while it still has to play second fiddle to that contract in terms of turnover, it has narrowed the gap appreciably with a 48.5 per cent rise to 10.67m lots in the January-September period, compared with copper's 11.5 per cent rise to 12.2m lots.

A less welcome distinction is aliminium's continuing unassailable lead in the LME warehouse stocks league. Although down by 460,000 tonnes from June's all-time high, the total, at 2.19m tonnes, is still nearly double that for zinc, which is itself well clear of lead and copper in the minor placings.

That the size of the stockpile has been a millstone around the neck of the aluminium market as it has striven to lead the base-metals sector out of recession is beyond doubt. But it has become a less onerous burden of late, as concerted efforts by aluminium producers around the world to reduce excess production have led to a quickening drawdown from this overhanging reserve of metal.

Richard Mooney discusses the importance to aluminium of the London Metal Exchange

# Lower production cuts the stockpile

From the LME's point of view, moreover, the size of the stockpile pays a compliment to the success of the aluminium contract since its launch in

The LME is now performing. with great ease and enthusiasm, the inventory financing job that was once done for con-

> The stockpile is a compliment to the success of the aluminium contract

sumers and producers by their own individual banks," Mr Ted Arnold, Metals Analyst at Merrill Lynch, told a Metal Bulletin-sponsored conference in London this year. He said it was estimated that between 55 and 60 per cent of surplus aluminium stocks in the western world were now held on the LME. compared with only 14 per cent 12 years ago.

Facilitating this develop-ment, Mr Arnold said, had been a change in the LME's membership structure. There were now far more banks and financial-services institutions, which had "easy access to large amounts of money".

He quoted a survey produced by Alan Heap, of County Nat-West Securities Australia, which showed that up to 80 per cent of all LME stocks were now held by financial institutions, rather than by "traditional" users of the physical market, such as producers, merchants and consumers.

But the development of a highly liquid LME aluminium contract has also altered the commercial behaviour of some producers of the metal, suggests Alcan Aluminum. In a recent issue of Compass, its house journal, the Canadian producer said that before they had the LME as a "buyer of last resort" producers world-wide had been "quicker to

AFRC says the involvement of a

local charity provides motiva-

tion for the public to give for

adjust their production to mar-

"But today, things are quite different. New types of produc-ers have entered the market had increased metal prices. over the past

they can't find clients for their they metal, simply sell it to the LME and receive cash." Alcan also noted that it was mainly speculators who owned the aluminium in LME houses, "These

investors have

with the alu-

ten years

minium industry," it pointed out. "For them, buying and selling aluminium is strictly an investment deci-

ing of the impact of the new breed of investors involved in LME trading. Buying by

> umes traded and sometimes caused prices to anticipate improvements in the fundamental supplydemand balances, County NatWest's Alan Heap told an LME seminar during London Metals Week earlier But

and the vol-

mated.

around the world. Mr Spector pointed out in the latest issue of his Monthly Aluminium Stacycle short selltistical Review. ing by nontrade players may push prices lower than many market watchers would expect".

"later in the

All this suggests that, while the market effect of the LME stockpile is not so heavy as it may at first appear, it is likely to last longer than producers The threat was not immediate, however. Banks held metal

LME stocks was part of the

explanation as to how "physi-cal tightness" could drive alu-

minium prices higher at a time

of "statistical surplus", accord-ing to US industry analyst

Stewart Spector. In addition.

there were "logistical prob-lems" limiting how quickly metal not tied up in financing

programmes could be shipped

from the LME warehouses

would hope. At Rotterdam. in LME warehouses as collateral against loans, and also as minium ingot awaiting shipa revenue-earning investment ment was estimated at 400,000 - so it was not available for tonnes, and rising "almost immediate delivery. About half daily", port facilities were capable of loading no more the LME stockpile was tied up as collateral, Mr Heap estithan 60,000 tonnes a week and more probably somewhere This "financialisation" of

> The newly-merged New York exchanges hope to have a new aluminium contract in 1995

between 30,000 and 40,000

tonnes, said the Spector review. "At that rate, it could take well into 1995 to empty Rotterdam warehouses." LME dominance of the world aluminium market could be facing a challenge soon, but not so soon as had been expec-

The newly-merged New York Mercantile Exchange (Nymex) and New York Commodity

Exchange (Comex) had planned to have a new aluminnini contract up and running early in 1995, but Nymex chairman Daniel Rappaport admit. ted recently that that target was "overly optimistic". "But there is still a chance for the end of 1986," he added.

One problem, he said, was designing a contract with specifications that met the market's needs. Another was properly integrating it with the LME's established contract.

"The Comex and LME contracts now feed on each other, Mr Rappaport told the Reuters news agency, adding that Nymex's aim would be to create a similar "symbosis" with the aluminum contract.

Ford Mc to recor profits

He noted that LME chairman Raj Bagri had told him that there was not room for two aluminium contracts. "But he invited us to find that out for ourselves," the Nymex chief

One leading US producer. Kaiser Aluminum Corporation, seems to agree with Mr Bagri. "Right now the LME has many delivery locations in the US. and it seems to be working efficiently," said a company executive earlier this year. "I don't see the need for another contract to get our business done.

Kenneth Gooding looks at other recent developments

## As value rises, so does theft

The downside to aluminium's ing in 1991. Mr Jeremiah Sheehigh value and recyclability is that it is all too frequently the target for thieves.

When prices rise, aluminium beer barrels, road signs and bridge rails - often cut through by power saws - disappear at a growing rate.

This represents a real loss for the industry, because these products are usually made from high-quality alloys which would normally be recycled as such. But, after thieves have melted down these products, the alloy is not immediately recognisable, and the metal is sold as the lowest-priced scrap.

More important, customers particularly local authorities are forced to consider giving up using aluminium and changing to less-tempting materials, even if those materials do not perform as well as aluminium.

#### Ways to recycle foil

lready as much as 70 per cent of the aluminium used in electrical engineering, building and transport is re-used. Aluminium automotive castings are almost entirely made from scrap metal.

The industry is now turning its attention to recycling aluminium foil - a tricky business, because a great deal of bulk has to be collected to get any reasonable weight, and 90 per cent of foil is meant to be in contact with food which creates hygiene

In the US, Reynolds Metals, the second-largest aluminium group, began testing foil recycl-

Sectors of application :

han, Reynolds' president, admits that it is not as commercially necessary for the industry to recycle foil as beverage cans in the US only 200m lbs (90,700 tonnes) of aluminium is used annually for consumer foil, plus a similar quantity for food and other containers, compared with

"But recycling helps to iden-tify foil as a green product," he points out. 'It gives foil an edge

In the UK, nearly 40 per cent of aluminium used in packaging (including beverage cans) goes into foil and about 50,000 tonnes of aluminium foil packaging, worth roughly £15m, is thrown away every year.

To recapture at least some of this, an Aluminium Foil Recycling Campaign (AFRC) was started by foil converters Alcan Ekco Packaging, Bowater Foil and Paper Products, and William Garfield, all members of the Aluminium Foil Container Manufacturers Association, with

AFRC spent £200,000 over two years on five pilot schemes. from which it became obvious that foil would not be collected successfully by local authorities working alone, without help from the industry. So the industry has drawn up a 10-year plan which will establish national infrastructure and work towards a 30 per cent recycling

Typically, schemes provide local authority "foil bank" systems serviced by a single local charity or group of chari-ties. Banks are located on supermarket or other prime sites.

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their own community - clean foil can fetch £350 a tonne. Schools are also be involved in the collection schemes. The scheme is funded by a voluntary levy of £10 a tonne from the 4bn Ibs (1.8m tonnes) used for

#### Educating industry

luminium is a relative newcomer compared with other metals, and manufacturing industry in general remains woefully ignorant about its uses.

The European aluminium industry is intends to rectify this with a \$1.5m (£1m) project aimed at educational institutions and industries that use the Under a European Commis-

sion programme known as Com-

ett II, aluminium industries in nine EC and European Free Trade Association countries and 25 universities are setting out to out aluminium on the educa-The EC is providing about

one third of the \$1m (£600,000) cost, while the universities are contributing their time. The industry is footing the rest of the bill, mainly through the UK's Aluminium Federation, Germany's Aluminium-Zentrale and SkanAluminium in the Nor-The Aluminium Training

link between the industry and the universities. The second, and most important project, is known as Talat, an acronym for Training for Aluminium Application Tech-

Partnership (ATP) provides the

nologies. Its objective is to produce 150 hours of teaching material cov-ering a broad range of engineering disciplines: material property information on engineering alkoys and products; design and calculation of aluminium alloy structures; manufacturing of products; joining techniques and surface technology.

For each subject, one or more groups of university partners have been formed, each with specialist contacts in the industry. They aim to produce lectures suitable for courses in nearly all the relevant areas of

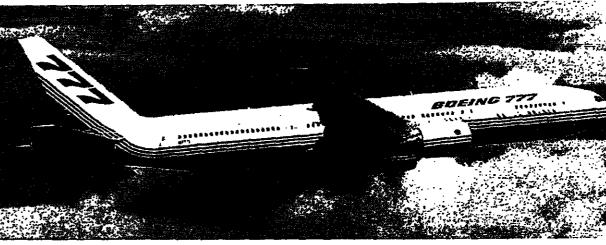
technical education. in the UK, the Department of Trade and Industry has promised £132,000 over three years, if the industry will match that pound for pound, for teaching material such as lecture notes and formatted computer disks.

#### Gencor's act of faith

o company use faith in the future of aluminium than Gencor, the South African resources group, which in July paid \$1.1bn for most of the Royal Dutch/Shell group's mining and minerals assets. These operate mainly under the Billiton banner.

About 60 per cent of Billiton's revenues come from its interests in bauxite and alumina, the raw material and intermediate prod uct needed for aluminium production. These interests are located in Australia, where Billiton has 30 per cent of the big Worsley deposit, Brazil and

Mr Brian Gilbertson, Gencor's chairman, points out that a combination of Alusaf and the Billiton upstream bauxite and alumina operations would produce the fifth-largest integrated aluminium business in the world. Gencor has in mind floating Billiton or part of the aluminium assets on a stock





Gencor also has a 41 per cent interest in Alusaf, the South African aluminium producer that is completing a \$2bn expansion to increase its annual capacity to 646,000 tonnes, a size not seen outside Russia before.

exchange at some stage. Mr Gilbertson admits that when aluminium prices are low the Billiton deal has little appeal. However, "at high prices the returns are huge. If our estimate of the medium-term (alu-minium) price trends are anywhere near correct, then this parcel of assets will prove to be very valuable and the price we have paid to have been cheap."







### A metal and some of its applications

Top: Nearly 75 per cent of the structural components of the new Boeing 777 wide-bodied commercial transport aircraft are of aluminium. It is scheduled for full-scale production next year.

Upper left: As a packaging material, aluminium has a number of advantages. It is light, air- and moisture-proof, safe and hygienic for medicines, heat-resistant and excellent to print on.

Above: Miguel Indurain won the 1994 Tour de France on a bicycle made of Duralcan, an aluminium-based metal-ceramic material. Thirty competitors used such bicycles.

Left: During the summer, the Feyenoord football stadium, in Rotterdam, was given an aluminium roof covering.



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#### ALUMINIUM CAN RECYCLING AND PRODUCER RESPONSIBILITY ARE SYNONYMOUS ...

Indeed 'producer responsibility' will not be a new experience for the aluminium industry which had not waited for the Department of the Environment and the Department of Trade and Industry to lay down their joint challenge to the packaging chain in 1993.

Years of research and development work have resulted in advances in source reduction, light weighting, reduction in energy use and development of successful recycling

In 1989, the five\* major aluminium can sheet producers founded the Can Recycling Association (ACRA) to promote the many benefits of aluminium drinks can recycling (environmental and fund raising) to develop UK collection infrastructure, to assist in establishing numerous grass-roots collection projects 021-633 4698.

and to increase the recycling rate. indeed since 1989, the UK aluminium can recycling rate has grown steadily from 2% to an estimated 21% in 1993 and ACRA's own milestone, regardless of any legislated targets, of 50% recycling rate, is within its sights for the end of the decade.

The good news is that the aluminium Industry's acceptance of its 'producer responsibility has worked out very well for the 5\* can sheet producers. There is every reason to believe therefore, that Producer Responsibility II will prove to be every bit as beneficial for PRG's 28 companies and for Mr Gummer and Mr Heseltine too!

For assistance with your involvement in aluminium can recycling, please call ACRA on 021-633 4656, facsimile

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